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**HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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

Release Date JUN 07 2000

*WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION*

415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471

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**WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471

TELEPHONE 504-845-7772
FAX 504-845-1313
CELLULAR 504-807-6498
E-MAIL

MEMBER
LOUISIANA SOCIETY OF CPA'S
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

**INDEPENDENT AUDITOR'S REPORT
UNQUALIFIED OPINION ON GENERAL PURPOSE
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE
*OF EXPENDITURES OF FEDERAL AWARDS***

**BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, LOUISIANA 70501**

I have audited the accompanying general purpose financial statements of the Housing Authority of the City of Lafayette (PHA) as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

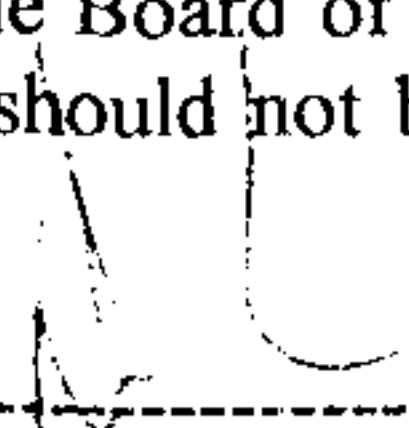
In my opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Lafayette as of September 30, 1999, and the results of its operations and changes in its total equity for the year ended in conformity with generally accepted accounting principles.

As described in Note A to the financial statements, the PHA has changed from the Governmental Funds to the Enterprise Funds method for the year ended September 30, 1999.

In accordance with Government Auditing Standards, I have also issued a report dated May 3, 2000 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the PHA taken as a whole. The combining and individual fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal awards and the Financial Data schedules (II and III) are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit organizations, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners of the PHA, and for filing with the Department of HUD and should not be used for any other purpose.



William Daniel McCaskill, CPA
A Professional Accounting Corporation

May 3, 2000

Housing Authority of the City of Lafayette
 COMBINED BALANCE SHEET -- ALL FUNDS
 September 30, 1999

EXHIBIT A

ALL FUNDS

ASSETS

Current assets:

Cash and cash equivalents	1,560,065
Tenants rents receivable(net)	40,896
Accounts and notes receivables	516,973
Prepaid expenses and other assets	80,311
Inventories	10,991
Interprogram due from	1,162,084

Total current assets 3,371,320

Fixed assets (net)	4,291,149
Other assets	149.00

Total assets 7,662,618

LIABILITIES AND FUND EQUITY

Current liabilities:

Accounts Payable and accrued liabilities	755,721
Deferred revenues	
Current portion of long-term debt capital projects	
Security deposits	
Interprogram due to	1,162,084

Total current liabilities 1,917,805

Noncurrent liabilities:

Noncurrent liabilities-other	-
Noncurrent portion of long-term debt	-

Total liabilities 1,917,805

Fund equity:

Contributed capital (net)	27,576,679
Undesignated fund balance/retained earnings	(21,831,866)

Total fund equity 5,744,813

Total liabilities and fund equity 7,662,618

see notes to financial statements

Housing Authority of the City of Lafayette
 COMBINING STATEMENT OF REVENUES, EXPENSE AND
 CHANGES IN RETAINED EARNINGS--ALL FUNDS
 For the year Ended September 30, 1999

EXHIBIT B

	ALL FUNDS
Operating revenues:	
Net tenant revenue	838,251
Tenant revenue-other	119,420
Interest income	38,207
Other income	163,116
HUD PHA grants	3,378,497
Other government grants	

Total operating revenues	4,537,491

Operating expenses:	
Administration	1,092,921
Tenant services	127,905
Utilities	420,948
Ordinary maintenance	799,929
General expense	252,300
Protective services	
Non-routine maintenance	6,320
Housing assistance payments	1,944,469

Operating expenses before depreciation	4,644,792

Operating income/(loss) before depreciation	(107,301)
Depreciation expense	414,330
Net operating income/(loss) after depreciation	(521,631)
Total Equity 9-30-98	6,266,444
Net Operating deficit	(521,631)
Total Equity 9-30-99	5,744,813

see notes to financial statements

Housing Authority of the City of Lafayette
COMBINING STATEMENT OF CASH FLOWS -- ALL FUNDS
For the Year Ended September 30, 1999

EXHIBIT C
page 1 of 2

ALL FUNDS

Cash flows from operating activities:	
Cash received from tenants	957,671
Cash received from other income	163,116
Cash paid for goods and services	(3,854,403)
Cash paid to employees	(790,389)

Net cash provided by operating activities	(3,524,005)

Cash flows from noncapital financing activities:	
Operating grants and subsidies	3,378,497

Cash flows from capital and related financing activities:	
Proceeds from grants	417,758
Acquisition of capital assets	(417,758)
Proceeds from issuance of notes	
Acquisition of capital assets	

Net cash used for capital and related financing activities	-

Cash flows from investing activities:	
Interest on investments	38,207

see notes to financial statements

Housing Authority of the City of Lafayette
 COMBINING STATEMENT OF CASH FLOWS--ALL FLOWS
 For the Year Ended September 30, 1999

EXHIBIT C
 page 2 of 2

 Reconciliation of operating income to net cash provided by operating activities:

Adjustments to reconcile operating income to net cash	
Net HUD-REAC Adjustments-Non Cash	(13,023.34)
 (Increase) decrease in tenant rents receivable	 76,406.22
(Increase) decrease due from US Dept of HUD	95,243.00
(Increase) decrease due in supplies inventory	1,062.69
(Increase) decrease in prepaid assets	(25,291.78)
(Increase) decrease in undistributed debits	
(Increase) decrease in accts receivable misc.	14,841.90
Increase (decrease) in accounts pay other govts.	(51,106.94)
Increase (decrease) in accounts payable and accrued liabilities	 44,200.73
Increase (decrease) in accounts payable HUD	379,829.87
Increase (decrease) in accrued vacation pay	23,030.00
Increase (decrease) in deferred revenues	
Increase (decrease) in tenant security deposits	(1,720.61)
 Total adjustments	 ----- 436,170.74
 Change in cash and equivalents	 328,869.74
Beginning Cash	1,231,195.26
 Cash and cash equivalents end of year-Exhibit A	 ----- 1,560,065.00 =====

see notes to financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS—BUDGET VS. ACTUAL
 GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 1999

	LOW RENT		Favorable
	Budget	Actual	Variance
REVENUES			
Local Sources:			
Dwelling Rental	939,960.00	957,671.00	17,711.00
Interest Charges	15,660.00	20,786.00	5,126.00
Receipts from the Sale of Equipment			
Other	34,180.00	98,382.00	64,202.00
Federal Sources:			
Operating Subsidy	1,010,930.00	943,401.00	(67,529.00)
Annual Contributions			
Grants			
Total Revenues	2,000,730.00	2,020,240.00	19,510.00
EXPENDITURES			
Current:			
Administration	565,000.00	563,316.00	1,684.00
Utilities	491,970.00	420,948.00	71,022.00
Ordinary Maintenance & Operations	660,850.00	799,929.00	(139,079.00)
Tenant Services	92,000.00	127,905.00	(35,905.00)
General Expenditures	558,000.00	245,581.00	312,419.00
Extraordinary Maintenance	6,400.00	6,320.00	80.00
Housing Assistance Payments			
Facilities Acquisition & Construction			-
Debt Service:			
Principal Retirement			
Interest & Bank Charges			
Total Expenditures	2,374,220.00	2,163,999.00	210,221.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(373,490.00)	(143,759.00)	229,731.00
OTHER FINANCING SOURCES (USES)			

see notes to financial statements

THE HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

Housing Authorities are chartered as a public corporation under the laws (LSA-RS 40:391) of the State of Louisiana. for the purpose of providing safe and sanitary dwelling accommodations for the residents of the City of Lafayette, Louisiana. This creation was contingent upon the local governing body of the city or parish. The PHA is governed by a five member Board of Commissioners. The members, appointed by the Mayor, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PHA for the purpose of assisting the PHA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PHA for the purpose of maintaining this low rent character.

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the PHA and its component units, entities for which the PHA is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the PHA's operations and data from these units, if any are combined with data of the PHA. Each discretely presented component, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the PHA. As of September 30, 1999, and for the fiscal then ended, the PHA had no discretely presented component units or any component units required to be blended in these financial statements.

(2) Change in Accounting Principle

For the year ended September 30, 1999, the PHA has changed from the Government Funds Method to the Enterprise Method. This change was strongly recommended by the Real Estate Assessment Center (REAC) of the Department of HUD.

The Enterprise Funds Method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The Enterprise Fund recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable. In the prior method used, the Governmental Funds Method, the modified accrual method was necessary.

Depreciation expense must be recognized for the Enterprise Fund. Under the Governmental Funds Method, depreciation was optional and the PHA elected not to recognize it.

REAC suggests that accumulated depreciation be charged to HUD Capital Contributions, not Retained Earnings. REAC directs that soft costs from development and modernization be deleted from fixed assets and charged to HUD Capital Contributions.

REAC also directs PHA's to deleted outstanding debt owed to HUD, annual contributions and debt amortization funds receivable due from HUD, and close tem to HUD Capital Contributions.

The amount of the September 30, 1999 operating reserve becomes the beginning retained earnings. These is no cumulative effect on beginning retained earnings resulted from the accounting method change.

(3) Budgetary Data

The PHA is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

The PHA is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables or depreciation. The budget does reflect furniture and equipment additions from operations.

(4) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(5) Tenant Receivables

Receivables for rental and service charges are reported in the General Fund, net of allowances for doubtful accounts.

(6) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

NOTE B -- CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

Category 1 -- Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 -- Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 -- Uncollateralized, uninsured and unregistered, but with securities held by the bank, its agent, pledged to the PHA, but not in the PHA's name.

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total	Category		
Bank Balances	1	2	3
\$1,560,065	100,000		1,460,065

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with 10 days of being notified by the PHA that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C -- ACTIVITIES OF THE PHA

At September 30, 1999, the PHA was managing 572 units of low-rent under FW-1112, 416 units of certificates program under FW-2170, and 177 units of vouchers program under FW-2233.

NOTE D -- CONTINGENCIES

The entity is subject to possible examinations 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 refund by the entity to federal grantors and/or program beneficiaries.

NOTE E -- FIXED ASSETS

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

Site improvements	20 Years
Buildings	20 Years
Building improvements	10 Years
Nondwelling structures	20 Years
Equipment	3 to 7 Years

LOW RENT PROGRAM

	9-30-99 Cost	Current Depreciation	Prior Depreciation	Net
Land	\$572,000			572,000
Buildings	16,253,642	213,251	14,465,385	1,575,006
Equipment	468,976	43,827	266,645	158,504
	<u>17,294,618</u>	<u>257,078</u>	<u>14,732,030</u>	<u>2,305,510</u>

VOUCHERS PROGRAM

	9-30-99 Cost	Current Depreciation	Prior Depreciation	Net
Equipment	29,207	19,031	63	10,113
	<u>29,207</u>	<u>19,031</u>	<u>63</u>	<u>10,113</u>

EXISTING PROGRAM

	9-30-99 Cost	Current Depreciation	Prior Depreciation	Net
Equipment	68,149	5,969	24,934	37,246
	<u>68,149</u>	<u>5,969</u>	<u>24,934</u>	<u>37,246</u>

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

NOTE F --

This note is left blank intentionally.

NOTE G -- RETIREMENT PLAN

The entity provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six months exclusionary period. The employees contribute 5% and the entity contributes 8% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended September 30, 1999 was \$790,389. The entity's contributions were calculated using the base salary amount of \$790,389. Contributions to plan were \$39,519.45 and \$63,231.12 by the employee and the entity, respectively.

NOTE H -- DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

NOTE I -- ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS

The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

NOTE J -- USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Housing Authority of the City of Lafayette
 City of Lafayette, Louisiana
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended September 30, 1999

SCHEDULE I

FEDERAL AGENCY:	CFDA NO.	Federal Award Expenditures
U S Department of Housing and Urban Development Direct Programs:		
Low Income Housing:		
Operating Subsidy		943,401
Leased		
Development		
Total Low Income Housing	14.850	943,401
Section 8 Cluster:		
Vouchers	14.855	629,892
Certificates	14.857	1,565,726
Moderate Rehabilitation	14.856	
New Construction	14.182	
Substantial Rehabilitation	14.182	
Total Section 8 Cluster		2,195,618
Comprehensive Grants	14.859	617,618
CIAP	14.852	
Public Housing Drug Elimination Program:		
PHDEP		12,170
Youth Sports		
Total PHDEP	14.854	12,170
Shelter + Care	14.238	
HOPE	14.858	
HOME	14.239	
Child Care Food Program (USDA)	10.558	
PIH Grant		27,448
TOTAL FEDERAL EXPENDITURES		3,796,255

=====

NOTE: This schedule of expenditures of federal awards is prepared on the governmental GAAP enterprise method of accounting.

see notes to financial statements

ASSETS:	Low Rent	Vouchers	Certificates	CGP	PHDEP	PIH GRANT	BUSINESS ACTIVITIES	CDBG	Total
CURRENT ASSETS									
Cash-unrestricted	470,066		370,711				5,410		846,187
Cash-restricted-modernization and development									-
Cash-other restricted	43,534								43,534
Cash-tenant security deposits	513,600		370,711				5,410		889,721
Total Cash									
Accounts and notes receivable:									
Accounts receivable-PHA projects									
Accounts receivable-HUD other projects		20,277		370,038	12,170	55,386		35,304	437,594
Accounts receivable-other governments									55,581
Accounts receivable-miscellaneous			23,798						23,798
Accounts receivable-tenant dwelling rents	77,040								77,040
Allowance for doubtful accounts-dwelling rents	(36,144)								(36,144)
Allowance for doubtful accounts-other									
Notes and mortgages receivable-current									
Fraud recovery									
Allowance for doubtful accounts-fraud									
Accrued interest receivable									
Total Receivable, net of allowances for doubtful accounts	40,896	20,277	23,798	370,038	12,170	55,386		35,304	557,869
Current investments:									
Investments-unrestricted	293,016		293,017				84,311		670,344
Investments-restricted									
Prepaid Expenses and Other Assets	56,380	7,180	16,751						80,311
Inventories	10,991								10,991
Interprogram Due From Amounts to be provided	491,332	670,752							1,162,084
TOTAL CURRENT ASSETS	1,406,215	698,209	704,277	370,038	12,170	55,386	89,721	35,304	3,371,320
NONCURRENT ASSETS:									
Fixed Assets:									
Land	572,000								572,000
Buildings	16,253,642			2,074,799					18,328,441
Furniture, Equipment & Machinery-Dwellings	468,976	29,208	68,149						566,333
Furniture, Equipment & Machinery-Administration							127,982		127,982
Leasehold Improvements							(264,501)		(15,303,607)
Accumulated Depreciation	(14,989,108)	(19,095)	(30,903)						
Total Fixed Assets, Net of Accumulated Depreciation	2,305,510	10,113	37,246	1,938,280					4,291,149
Notes and mortgages receivable-noncurrent									
Notes and mortgages receivable-past due									
Other assets	149								149
Undistributed debits									
Investments in joint ventures									
TOTAL NONCURRENT ASSETS	2,305,659	10,113	37,246	1,938,280					4,291,298
TOTAL ASSETS	3,711,874	708,322	741,523	2,308,318	12,170	55,386	89,721	35,304	7,662,618

see notes to financial statements

	Low Rent	Vouchers	Certificates	CGP	PHDEP	PIH GRANT	BUSINESS ACTIVITIES	CDBG	Total
LIABILITIES AND EQUITY:									
LIABILITIES:									
CURRENT LIABILITIES									
Bank overdraft	-	-	-	-	-	-	-	-	-
Accounts payable <=90 days	47,410	-	9	-	-	-	90,085	-	137,504
Accounts payable >=90 days	-	-	-	-	-	-	-	-	-
Accrued wages payroll taxes payable	4,671	-	-	-	-	-	-	-	4,671
Accrued compensated absences	23,030	-	-	-	-	-	-	-	23,030
Accrued contingency liability	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-	-
Accounts payable-HUD PHA programs	67,528	346,780	79,001	-	-	-	-	-	493,309
Accounts payable-PHA Projects	-	-	-	-	-	-	-	-	-
Accounts payable-other governments	53,672	-	-	-	-	-	-	-	53,672
Tenant security deposits	43,535	-	-	-	-	-	-	-	43,535
Deferred revenues	-	-	-	-	-	-	-	-	-
Current portion of L-T debt-capital projects	-	-	-	-	-	-	-	-	-
Current portion of L-T debt-operating borrowings	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-	-
Accrued liabilities-other	-	-	-	-	-	-	-	-	-
Inter-program-due to	-	6,198	682,988	370,038	12,170	55,386	-	35,304	1,162,084
TOTAL CURRENT LIABILITIES	239,846	352,978	761,998	370,038	12,170	55,386	90,085	35,304	1,917,805
NONCURRENT LIABILITIES									
Long-term debt, net of current-capital projects	-	-	-	-	-	-	-	-	-
Long-term debt, net of current-operating borrowings	-	-	-	-	-	-	-	-	-
Noncurrent liabilities-other	-	-	-	-	-	-	-	-	-
TOTAL NONCURRENT LIABILITIES	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	239,846	352,978	761,998	370,038	12,170	55,386	90,085	35,304	1,917,805
EQUITY									
Investment in general fixed assets	-	-	-	-	-	-	-	-	-
Contributed Capital:	-	-	-	-	-	-	-	-	-
Project notes (HUD)	-	-	-	-	-	-	-	-	-
Long-term-HUD guaranteed	3,698,291	-	-	-	-	-	-	-	3,698,291
Net HUD PHA contributions	21,940,108	-	-	1,938,280	-	-	-	-	23,878,388
Other contributions	-	-	-	-	-	-	-	-	-
Total contributed capital	25,638,399	-	-	1,938,280	-	-	-	-	27,576,679
Reserved fund balance:	-	-	-	-	-	-	-	-	-
Reserved for operating activities	-	-	-	-	-	-	-	-	-
Reserved for capital activities	-	-	-	-	-	-	-	-	-
Total reserved fund balance	-	-	-	-	-	-	-	-	-
Undesignated fund balance/retained earnings	(22,166,371)	355,343	(20,475)	1,938,280	-	-	(363)	-	(21,831,866)
TOTAL EQUITY	3,472,028	355,343	(20,475)	1,938,280	-	-	(363)	-	5,744,813
TOTAL LIABILITIES AND EQUITY	3,711,874	708,321	741,523	2,308,318	12,170	55,386	89,722	35,304	7,662,618

see notes to financial statements

Housing Authority of the City of Lafayette
 COMBINING STATEMENT OF REVENUES, EXPENSE AND
 CHANGE IN RETAINED EARNINGS-ALL FUNDS
 For the year ended September 30, 1999

SCHEDULE III

page 1 of 2

REVENUE	Low Rent	Vouchers	Certificates	CGP	PHDEP	PIH	Business Activities	Total
Net tenant revenue	838,251							838,251
Tenant revenue -other	119,420							119,420
Total tenant revenue	957,671							957,671
HUD PHA grants	943,401	629,892	1,565,726	199,860	12,170	27,448		3,378,497
Other government grants								
Investment income-unrestricted	20,786	592	14,661				2,166	38,207
Mortgage interest income								
Fraud recovery								
Other revenue	98,382						64,734	163,116
Gain or loss of the sale of fixed assets								
Investment income-restricted								
TOTAL REVENUE	2,020,240	630,484	1,580,387	199,860	12,170	27,448	66,902	4,537,491
EXPENSES:								
Administrative:								
Administrative salaries	185,281		88,342				31,602	305,225
Auditing fees	9,413						482	9,895
Outside management fees	(25,508)							(25,508)
Compensated absences	86,090		26,824				9,512	122,426
Employee benefit contributions-administrative	308,040	52,488	56,978	199,860	12,170	27,448	23,899	680,883
Other operating-administrative								
Tenant services:								
Tenant services-salaries	82,610							82,610
Relocation costs								
Employee benefit contributions-tenant services	36,896							36,896
Tenant services-other	8,399							8,399
Utilities:								
Water	148,417							148,417
Electricity	175,827							175,827
Gas	96,704							96,704
Fuel								
Labor								
Employee benefit contributions-utilities								
Other utilities expense								
Ordinary maintenance and operations:								
Ordinary maintenance and operations-labor	402,554							402,554
Ordinary maintenance and operations-materials and other	46,051							46,051
Ordinary maintenance and operations-contract costs	166,844							166,844
Employee benefit contributions-ordinary maintenance	184,480							184,480
Protective services:								
Protective services-labor								
Protective services-other contract costs								
Protective services-other								
Employee benefit contributions-protective services								

see notes to financial statements

Housing Authority of the City of Lafayette
 COMBINING STATEMENT OF REVENUES, EXPENSE AND
 CHANGES IN RETAINED EARNINGS-ALL FUNDS
 For the year ended September 30, 1999

General expenses:	Low Rent	Vouchers	Certificates	CGP	PHDEP	PIH	Business Activities	Total
Insurance premiums	133,830		4,949				1,770	140,549
Other general expenses								-
Payments in lieu of taxes	53,671							53,671
Bad debt-tenant rents	58,080							58,080
Bad debt-mortgages								-
Fraud losses								-
Housing assistance payments		547,203	1,397,266					1,944,469
Casualty loss-noncapitalized	6,320							6,320
OPERATING EXPENSES BEFORE DEPRECIATION	2,163,999	599,691	1,574,359	199,860	12,170	27,448	67,265	4,644,792
NET OPERATING INCOME BEFORE DEPRECIATION	(143,759)	30,793	6,028	-	-	-	(363)	(107,301)
Depreciation expense	257,078	19,031	5,970	132,251				414,330
Net operating income (loss) after depreciation	(400,837)	11,762	58	(132,251)			(363)	(521,631)
Total Equity 9-30-98	3,872,865	343,581	(20,533)	2,070,531				6,266,444
Net Operating Income/deficit this year	(400,837)	11,762	58	(132,251)			(363)	(521,631)
Total Equity 9-30-99	3,472,028	355,343	(20,475)	1,938,280			(363)	5,744,813

see notes to financial statements

**WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471

TELEPHONE 504-845-7772
FAX 504-845-1313
CELLULAR 504-674-6498
E-MAIL

MEMBER
LOUISIANA SOCIETY OF CPA'S
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

**BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, LOUISIANA 70501**

I have audited the financial statements of the Housing Authority of the City of Lafayette (PHA), as of and for the year ended September 30, 1999, and have issued my report thereon dated May 3, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, I 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 my audit and accordingly, I do not express such an opinion. The results of my 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 item 99-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operating that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design of operation of the internal control over financial reporting that, in my judgment, could adversely affect the PHA's ability to record, process, summarize and report financial data consistent with assertions of management in

the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as in item 99-1.

A material weakness is a condition in which the design or cooperation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the 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. My consideration of 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, I consider item 99-1 a to be material weaknesses.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

May 3, 2000



William Daniel McCaskill, CPA
A Professional Accounting Corporation

**WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471

TELEPHONE 504-845-7772
FAX 504-845-1313
CELLULAR 504-807-6498
E-MAIL

MEMBER
LOUISIANA SOCIETY OF CPA'S
MISSISSIPPI SOCIETY OF CPA'S
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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, LOUISIANA 70501

Compliance

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

I conducted my audit of compliance in accordance with generally accepted auditing standards: the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular, Audits of States, Local Governments, and Non Profit Organizations. Those standards and OMB Circular A-133 require that I 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 PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the PHA's compliance with those requirements.

As described in items 99-1a in the accompanying schedule of findings and questioned costs, the PHA did not comply with requirements regarding Reporting and Cash Management that are applicable to its Low Income Housing, Section 8 Program, Comprehensive Grants, PHDEP, and PIH Grants. Compliance with such requirements is

necessary, in my opinion, for the PHA to comply with requirements applicable to these programs.

In my opinion, except for the noncompliance described in preceding paragraph, the PHA complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999.

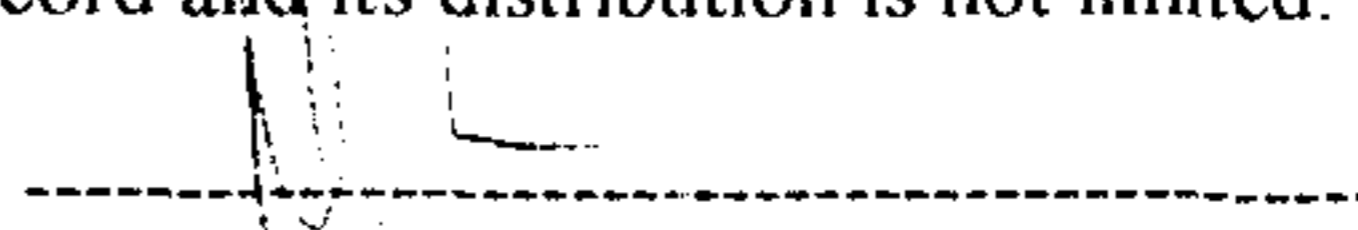
Internal Control Over Compliance

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

I noted certain matter involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the PHA's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as in item 99-1a.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 99-1a to be material weaknesses.

This report is intended for the information of the audit committee, management, and HUD. However, this report is a matter of public record and its distribution is not limited.



William Daniel McCaskill, CPA
A Professional Accounting Corporation

May 3, 2000

THE HOUSING AUTHORITY OF LAFAYETTE
LAFAYETTE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The following is a list of prior audit findings that have been corrected:

Finding 98-1 and 98-1a

The finding was that the PHA did not have a physical inventory balanced to the general ledger.

This finding is cleared.

Finding 98-2 and 98-2a

The finding was that the PHA overran it's operating budget.

This finding is cleared.

HOUSING AUTHORITY OF THE CITY OF LAFAYETTE
LAFAYETTE, LOUISIANA

SCHEDULE OF AUDIT ADJUSTING JOURNAL ENTRIES FYE 9-30-99

Acct #	Description	Debit	Credit
ADJUSTING JOURNAL ENTRY # 1			
4181	Compensated Absenses Expense		54,137.25
2139	Accrued Compensated Absenses Payable	54,137.25	
2806	Fund Balance		54,137.25
	To reverse the PHA year end entry for compensated absenses.		
2806	Fund Balance	48,537.60	
2139	Accrued Compensated Absenses Payable		48,537.60
	To record compensated absenses payable @ 9-30-98.		
2139	Accrued Compensated Absenses Payable	25,508.03	
4181	Compensated Absenses Expense		25,508.03
2806	Fund Balance		25,508.03
	To record the change to accrued compensated absenses during the 9-30-99 fiscal year.		
ADJUSTING JOURNAL ENTRY # 2			
8020	Operating Subsidy	67,529.00	
2118	AP HUD		67,529.00
2820	Operating Reserve	67,529.00	
	To record the 9-30-99 mandatory PFS adjustment.		

ADJUSTING JOURNAL ENTRY # 3

2842	Fixed Asset Contributions HUD Interfund AR CGP 97	213,132.36	213,132.36
2842	Fixed Asset Contributions HUD Interfund AR CGP 98	147,137.74	147,137.74
2842	Fixed Asset Contributions HUD Interfund AR CGP 96	9,007.01	9,007.01
2842	Fixed Asset Contributions HUD Interfund AR CGP 94	750.65	750.65
2845	Grant Funds Earned PIH Interfund AR PIH	55,386.05	55,386.05
2847	Grant Funds Earned CDBG Interfund AR CDBG	35,303.80	35,303.80

To record the interfund balances due Low Rent
at 9-30-99.

****PHA NOT TO RECORD THIS ENTRY****

ADJUSTING JOURNAL ENTRY # 4

2845	Grant Funds Earned PHDEP Interfund AR PHDEP	12,170.46	12,170.46
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To record the interfund balances due Low Rent
at 9-30-99.

****PHA NOT TO RECORD THIS ENTRY****

ADJUSTING JOURNAL ENTRY # 5

1176	HUD Annual Contributions Receivable		378,821.83
2810	Unreserved Surplus	378,821.83	

To zero out account 1176.

ADJUSTING JOURNAL ENTRY # 6

1490	Accumulated Depreciation	670,307.35	
1491	Accumulated Depreciation	1,754,142.00	
2842	Fixed Asset Contributions HUD		2,424,449.35

To reverse the PHA depreciation journal voucher at 9-30-99.

1400.31	Development Costs Contra	853,403.47	
1400.32	Development Costs Contra	955,749.93	
1400.33	Development Costs Contra	2,277,913.00	
1400.34	Development Costs Contra	6,031,465.00	
1400.39	Development Costs Contra	3,131,199.33	
2842	Fixed Asset Contributions HUD		13,249,730.73

To zero out the Development Costs Contra Accounts.

ADJUSTING JOURNAL ENTRY # 7

1400	Equipment	468,976.37	
2842	Fixed Asset Contributions HUD		468,976.37

To record equipment per the PHA physical inventory at 9-30-99.

	Depreciation Expense	43,827.24	
1490	Accumulated Depreciation		43,827.24
2842	Fixed Asset Contributions HUD	43,827.24	

To record current year depreciation.

2842	Fixed Asset Contributions HUD	266,645.29	
1490	Accumulated Depreciation		266,645.29

To record prior depreciation.

ADJUSTING JOURNAL ENTRY # 8

1400	Soft Costs		175,287.61
2842	Fixed Asset Contributions HUD	175,287.61	

To write off old fixed assets soft costs.

2842	Fixed Asset Contributions HUD	14,465,385.27	
1490	Accumulated Depreciation		14,465,385.27

To record prior depreciation for fixed assets.

	Depreciation Expense	213,251.04	
1490	Accumulated Depreciation		213,251.04
2842	Fixed Asset Contributions HUD	213,251.04	

To record current depreciation.

THE HOUSING AUTHORITY OF LAFAYETTE
LAFAYETTE, LOUISIANA

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Per A-133, Section 505(d)

1. Summary Schedule of Auditors Results:

- i. The report includes an unqualified opinion on the financial statements.
- ii. Reportable conditions in internal controls found at the financial statement level were disclosed by the audit of the financial statements and were considered material weaknesses.
- iii. The audit disclosed noncompliance which is material to the financial statements.
- iv. Reportable conditions in internal control over major programs were disclosed by the audit.
- v. The compliance report issued for major programs was unqualified.
- vi. The report disclosed audit findings required to be reported under Section 510a of A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

CFDA #	Name of Program
14.850	Low Income Housing
14.855	Vouchers
14.857	Certificates

- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.00.
- ix. The auditee was not considered a low risk audit

2. Findings relating to the financial statements required to be reported with GAGAS are as follows:

Finding Number 99-1

Statement of Conditions--The accounting department failed to perform appropriately as follows:

In converting from the HUD Regulatory basis of accounting (OCBOA) to the Governmental GAAP Enterprise Method of accounting, each and every converting journal voucher was incorrectly calculated and/or entered.

Some journal vouchers were not kept in hard copy version and those that were mostly lacking source documentation.

The operating subsidy as calculated by the PHA did not include the flood insurance reimbursement which amounts to approximately \$7,000.00 per year.

LOCCS draws for miscellaneous grants 1) did not have adequate source documentation attached, 2) were not filed in numerical order, and 3) were not bound.

Coded costs to grants in excess of funding for the CBDG program in the amount of \$35,303.80 and the PIH program in the amount of \$55,386.05.

Most vendor files were not in any order and not bound.

The accounting department did not properly close out the fiscal year end in a timely manner to allow for the audit to be completed in a timely manner.

Criteria--

Accounting staff should be capable of GAAP conversion. All journal vouchers and LOCCS draws should be kept in hard copy form, bound in numerical order with supporting documentation attached. The PHA should request all subsidy allowable. All costs coded to other programs should be within budgeted amounts. Vendor files should be kept bound and in numerical check order with source documentation attached. The accounting department should close the year end correctly and timely to allow for a timely audit.

Effect--

The audit is late per State Law. This audit firm had to go to great lengths to satisfy ourselves that the financials are materially correct. This audit firm had to enter numerous audit adjusting journal entries to correct the general ledger.

Cause--

The PHA accounting staff was inadequately trained in proper accounting methodology. The audit firm was, in no way, responsible for the audit being late.

PHA Response--We concur with this finding. We have replaced the entire accounting department and have hired consultants to ensure that all issues in this finding are corrected.

3. Findings and questioned costs for Federal awards as defined in A-133, Section 510a, all with HUD oversight:

Finding 99-1a

1. Name of Program--This finding is entity wide. Programs include Low Rent, Certificates, Vouchers, CGP, and PHDEP.
Identification Number--
CFDA Title and Number--14.850, 14.857, 14.855, 14.859, and 14.854.
Federal Award Number & Year--1999
Name of Federal Agency--HUD
Name of Pass Through Entity--None

2. Criteria--

Accounting staff should be capable of GAAP conversion. All journal vouchers and LOCCS draws should be kept in hard copy form, bound in numerical order with supporting documentation attached. The PHA should request all subsidy allowable. All costs coded to other programs should be within budgeted amounts. Vendor files should be kept bound and in numerical check order with source documentation attached. The accounting department should close the year end correctly and timely to allow for a timely audit.

3. Condition--The accounting department failed to perform appropriately as follows:

In converting from the HUD Regulatory basis of accounting (OCBOA) to the Governmental GAAP Enterprise Method of accounting, each and every converting journal voucher was incorrectly calculated and/or entered.

Some journal vouchers were not kept in hard copy version and those that were mostly lacking source documentation.

The operating subsidy as calculated by the PHA did not include the flood insurance reimbursement which amounts to approximately \$7,000.00 per year.

LOCCS draws for miscellaneous grants 1) did not have adequate source documentation attached, 2) were not filed in numerical order, and 3) were not bound.

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Most vendor files were not in any order and not bound.

The accounting department did not properly close out the fiscal year end in a timely manner to allow for the audit to be completed in a timely manner.

4. Amount of questioned costs and how they were computed--
NONE

5. The finding is entity wide in that the accounting department serves all departments and programs.

6. Effect--

The audit is late per State Law. This audit firm had to go to great lengths to satisfy ourselves that the financials are materially correct. This audit firm had to enter numerous audit adjusting journal entries to correct the general ledger. The audit firm is, in no way, responsible for this audit being late.

7. Recommendations to prevent future occurrences of the finding include training staff in proper accounting methodology.

8. PHA officials agree with the finding.

THE HOUSING AUTHORITY OF LAFAYETTE
LAFAYETTE, LOUISIANA

CORRECTIVE ACTION PLAN

Our corrective action plan is as follows:

Finding 99-1 and 99-1a

Contact Person Responsible for Action--Walter Guillory

Anticipated Completion Date--6-30-2000

Corrective Action Planned--We have already corrected many of the comments in this finding. The accounting department head has been replaced with an excellently trained staff member. We have 2 local consultants, one a CPA, who are assisting in re organizing the accounting department. We are considering retaining a PHA fee accountant to ensure that all Federal and State requirements are met. We are now filing all documentation in numerical order, bound and with source documentation attached.