

9936

**Housing Authority of the Village of Fenton
Fenton, Louisiana**

**General Purpose Financial Statements and
Independent Auditors Reports
As of and for the Year Ending December 31, 1999
With Supplemental Information Schedules**

*WILLIAM DANIEL McCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION*

415 MAGNOLIA LANE
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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 04/04/01

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**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 Village of Fenton
Fenton, Louisiana

I have audited the accompanying general purpose financial statements of the Housing Authority of the Village of Fenton, Louisiana (PHA) as of and for the year ended December 31, 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 and the 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 require 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 financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall 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 Village of Fenton as of December 31, 1999, the results of its operations, changes in its total net assets and statement of cash flows for the year then ended, in conformity with generally accepted accounting principles.

As described in Note A to the financial statements, the PHA has changed from the HUD Regulatory method of accounting (OCBOA) to the GAAP Enterprise Funds method for the year ended December 31, 1999.

In accordance with Government Auditing Standards, I have also issued a report dated March 15, 2001 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

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



William Daniel McCaskill, CPA
A Professional Accounting Corporation

March 15, 2001

**HOUSING AUTHORITY OF THE CITY OF FENTON
FENTON**

EXHIBIT A
Page 1 of 1

**Combined Balance Sheet - All Funds
As of December 31, 1999**

Assets

Current Assets:	
Cash and Cash Equivalents	\$ -
Total Accounts Receivable, Net of Allowance for Doubtful Accounts	5,659
Investments - Unrestricted	-
Interprogram Due From	-
Prepaid Expenses and Other Assets	1,452
Inventories	-
Total Current Assets	\$ 7,111
Noncurrent Assets:	
Total Fixed Assets, Net of Accumulated Depreciation	\$ 1,306,482
Other Assets	\$ -
Total Noncurrent Assets	\$ 1,306,482
Total Assets	\$ 1,313,593

Liabilities and Equity

Current Liabilities:	
Accrued Compensated Absences	\$ -
Accrued Wage/Payroll Taxes Payable	3,481
Accounts Payable < 90 Days	2,682
Accounts Payable - HUD PHA Programs	-
Accounts Payable - Other Government	-
Tenant Security Deposits	4,335
Deferred Revenues	-
Current Portion of LT Debt - Capital Projects	-
Accrued Liabilities - Other	-
Interprogram Due To	-
Total Current Liabilities	\$ 10,498
Total Noncurrent Liabilities	-
Total Liabilities	\$ 10,498
Total Fund Equity	\$ 1,303,095
Total Liabilities and Equity	\$ 1,313,593

See notes to financial statements

**HOUSING AUTHORITY OF THE CITY OF FENTON
FENTON**

EXHIBIT B
Page 1 of 1

**Combined Statement of Revenue, Expenses, and Change in Equity - All Funds
For Fiscal Year Ending December 31, 1999**

Revenues:	
Net Tenant Rental Revenue	\$ 36,807
HUD PHA Grants	-
Other Government Grants	-
Investment Income - Unrestricted	125
Other Revenue	12,936
Total Revenues	<u>\$ 49,868</u>
Operating Expenses:	
Administrative	\$ 16,731
Tenant Services	-
Utilities	1,787
Ordinary Maintenance & Operations	22,020
Extraordinary Maintenance	-
Insurance Premiums	6,040
Other General Expenses	3,431
Total Operating Expenses Before Depreciation	<u>\$ 50,009</u>
Excess Revenue Over Expenses Before Depreciation	\$ (141)
Housing Assistance Payments	-
Depreciation Expense	65,191
Operating Transfers - In	
Operating Transfers - Out	
Net Operating Income (Loss) After Depreciation	<u>\$ (65,332)</u>
Beginning Equity @ 12-31-98	\$ 1,368,427
Net Operating Income (Loss) After Depreciation	(65,332)
Prior Period Adjustments	-
Capital Outlays	-
Ending Equity @ 12-31-99	<u>\$ 1,303,095</u>

See notes to financial statements

**HOUSING AUTHORITY OF THE CITY OF FENTON
FENTON**

EXHIBIT C

Page 1 of 2

**Combined Statement of Cash Flows - All Funds
For Fiscal Year Ending December 31, 1999**

Cash flows from operating activities:	
Cash received from tenants	\$ 36,807
Cash received from other income	12,936
Cash paid for goods and services	(33,278)
Cash paid to employees	(16,731)
	<hr/>
Net cash provided by operating activities	\$ (266)
Cash flows from noncapital financing activities:	
Operating grants and subsidies - soft costs	\$ -
Cash paid for goods and services	-
Net cash - soft costs	<hr/> \$ -
State/Local Grants	\$ -
Operating subsidy - Low rent	\$ -
Operating subsidy - Section 8	\$ -
	<hr/>
Net cash provided from noncapital financing activities	\$ -
Cash flows from capital and related financing activities:	
Proceeds from grants	-
Acquisition of capital assets	-
Proceeds from financing	
Acquisition of capital assets	
	<hr/>
Net cash used for capital and related financing activities	\$ -
Cash flows from investing activities:	
Interest on Investments	\$ 125
	<hr/>
Total cash from investing activities	\$ 125
Total Cash Provided (Page 1)	\$ (141)

See notes to financial statements

**HOUSING AUTHORITY OF THE CITY OF FENTON
FENTON**

EXHIBIT C
Page 2 of 2

**Combined Statement of Cash Flows - All Funds
For Fiscal Year Ending December 31, 1999**

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

Adjustments to reconcile operating income to net cash	\$	<u>(3,569)</u>
Total net adjustments -non cash	\$	(3,569)
Adjustments to reconcile operating income to net cash:		
(Increase) Decrease in tenant rents receivable	\$	(3,607)
(Increase) Decrease due from U.S. Department of HUD		
(Increase) Decrease due in supplies inventory		
(Increase) Decrease in prepaid expenses		(14)
(Increase) Decrease in undistributed debits		
(Increase) Decrease in accounts receivable misc		
Increase (Decrease) in accounts payable other governments		(8,183)
Increase (Decrease) in accounts payable and accrued liabilities		
Increase (Decrease) in accounts payable misc		
Increase (Decrease) in accounts payable HUD		
Increase (Decrease) in accrued compensated absences		
Increase (Decrease) in payroll taxes payable		472
Increase (Decrease) in tenant security deposits		<u>(215)</u>
Total adjustments to reconcile operating income to net cash	\$	<u>(11,547)</u>
Net change (decrease) in cash and cash equivalents	\$	(15,257)
Cash and cash equivalents at beginning of year		12,575
Cash and cash equivalents at end of year (exhibit A)	\$	<u><u>(2,682)</u></u>

See notes to financial statements

**Housing Authority of the Village of Fenton
Fenton, Louisiana**

NOTES TO THE FINANCIAL STATEMENTS

Housing Authorities are chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Fenton, Louisiana. This creation was contingent upon the local governing body of the city, county, or parish as applicable. A five member Board of commissioners governs the PHA. The members, appointed by the Mayor of Fenton, Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the U.S. 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.

NOTE A - FINANCIAL REPORTING:

(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 December 31, 1999, and for the fiscal year then ended, the PHA had no discretely presented component units or any component units that are required to be blended in these financial statements.

(2) Accounting Principle

For the year ending December 31, 1999, the PHA has changed from the HUD Regulatory method of accounting (OCBOA) to the GAAP Enterprise Funds method of accounting.

The enterprise 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 method 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.

**Housing Authority of the Village of Fenton
Fenton, Louisiana**

Depreciation expense must be recognized for the enterprise method of accounting. Under the HUD regulatory method of accounting, depreciation was not recognized.

The PHA applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

(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.

(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 the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at December 31, 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.

**Housing Authority of the Village of Fenton
Fenton, Louisiana**

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

Total Bank Balances	Category 1	Category 2	Category 3
\$ -0-	\$ -0-	\$ -0-	\$ -0-

NOTE C - ACTIVITIES OF THE PHA:

At December 31, 1999, the PHA was managing 25 units of low-rent public housing.

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
Non-dwelling structures	20 Years
Equipment	3-7 Years

Low Rent	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Land	\$ 29,049	-0-	-0-	\$ 29,049
Buildings	1,245,980	\$ 52,152	\$ 254,191	991,789
Furniture & Equipment – Dwellings	16,692	936	1,531	15,161
Furniture & Equipment – Administration	18,642	1,210	2,155	16,487
Leasehold Improvements	313,858	10,893	59,862	253,996
TOTAL	\$ 1,624,221	\$ 65,191	\$ 317,739	\$ 1,306,482

The capitalization limit is \$5,000.

**Housing Authority of the Village of Fenton
Fenton, Louisiana**

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 government and to protect other interests of the government.

NOTE F - LONG-TERM DEBT:

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the authority, and accordingly, have not been reported in the accompanying financial statements. The amount of this debt that has been reclassified to HUD Equity is \$-0-.

NOTE G - RETIREMENT PLAN:

The PHA does not have a retirement plan.

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 - USE OF ESTIMATES IN 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.

NOTE J - PRIOR PERIOD ADJUSTMENTS:

None

NOTE K - INTERFUND RECEIVABLES / PAYABLES:

None

**Housing Authority of the Village of Fenton
Fenton, Louisiana**

NOTE L - COMPENSATED ABSENCES:

At December 31, 1999, employees of the PHA have accumulated and vested \$-0- of employee-leave benefits, computed in accordance with GASB Codification Section C60. The balance at December 31, 1999 was \$-0-.

**HOUSING AUTHORITY OF THE CITY OF FENTON
FENTON
Expenditures of Federal Awards
For Fiscal Year Ending December 31, 1999**

SCHEDULE I
Page 1 of 1

<i>CFDA #</i>	<i>Name of Federal Program</i>	<i>Federal Award Expenditure</i>
14.182	N/C S/R Section 8 Programs	
14.850a	Low Rent Public Housing	
14.854	Public and Indian Housing Drug Elimination Program	
14.855	Section 8 Rental Voucher Program	
14.857	Section 8 Rental Certificate Program	
14.859	Public Housing Comprehensive Grant Program	
	Total Federal Expenditures	<u>\$ -</u>

The PHA had no Federal revenue during the fiscal year because it did not request the operating subsidy that it was allowed. This is noted in the Schedule of Findings and Questioned Costs. HUD contributed \$1,705,005 during the construction phase and the Annual Contributions Contract between HUD and the PHA includes provisions that HUD regulations are required to be adhered to.

See notes to financial statements

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**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 Village of Fenton
Fenton, Louisiana

I have audited the financial statements of the Housing Authority of the Housing Authority of the Village of Fenton (PHA), as of and for the year ended December 31, 1999 and have issued my report thereon dated March 15, 2001. 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 and which are described in the accompanying schedule of findings and questioned costs as item(s) 1999-1 through 1999-22.

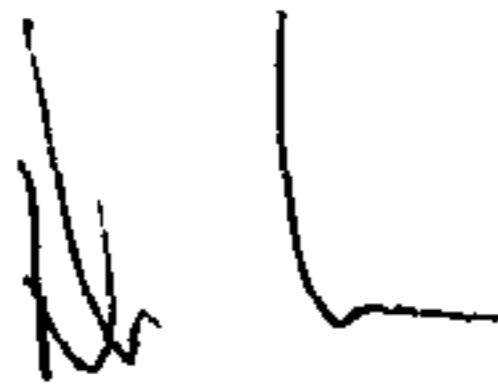
Internal Control Over Financial Reporting

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 item(s) 1999-1 through 1999-22.

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 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, 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(s) 1999-1 through 1999-22 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.



William Daniel McCaskill, CPA
A Professional Accounting Corporation

March 15, 2001

HOUSING AUTHORITY OF THE VILLAGE OF FENTON
FENTON, LOUISIANA
DECEMBER 31, 1999

SCHEDULE OF PRIOR AUDIT FINDINGS

THE FOLLOWING PRIOR AUDIT FINDINGS HAVE BEEN CLEARED:

- 1998-2 The financials records were not in a GAAP format. The financials are in GAAP format.
- 1998-3 The PHA lacked basic controls over the original apartment construction. The construction is complete.
- 1998-4 A former Executive Director was appointed by the mayor rather than chosen by the Board of Commissioners. The current and immediate prior Executive Director were both chosen by the board of commissioners.
- 1998-10 Some monthly financial statements were missing. Currently all monthly financial statements are available.
- 1998-17 Sales tax was paid on purchases. During the current period, only 1 transaction tested of 25 revealed sales tax paid and it was less than \$3.00.
- 1998-27 The PHA had not located the cooperation agreement with the city. It has since located it and is in the process of ensuring that it is in compliance with it.

FINDINGS REPEATED FROM THE PRIOR AUDIT INCLUDE 98-1, 98-5 THROUGH 98-9, 98-11 THROUGH 98-16, AND 98-18 THROUGH 98-28.

HOUSING AUTHORITY OF THE VILLAGE OF FENTON
FENTON, LOUISIANA
DECEMBER 31, 1999

Schedule of Findings and Questioned Costs and Corrective Action Plan

Finding Number 99-1

Statement of Conditions—The audit is late per State and Federal Law.

Criteria—Audits are due within 6 months of the FYE per State law and within 9 months of the FYE per Federal law.

Effect—The PHA is in violation of both State and Federal law.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—March 31, 2000

Action Planned—The PHA has timely engaged an auditor for FYE 12-31-2000. We will see that the audit is completed by June 30, 2001.

Finding Number 99-2

Statement of Conditions—The PHA did not use purchase orders.

Criteria—The PHA should use purchase orders that provide proper internal controls.

Effect—The PHA lacks adequate internal control over purchasing.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—10-28-2000

Action Planned—Upon hiring the current ED, she put into place a system using purchase orders and a tracking log to ensure proper internal controls.

99-3

Statement of Conditions—The PHA withheld payroll taxes but did not remit them to the appropriate governmental agencies.

Criteria—The PHA must remit all payroll withholdings on a timely basis.

Effect—The PHA is in violation of State and Federal law.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—5-15-01

Action Planned—The ED is in contact with the IRS in what course to follow on this matter.

Finding Number 99-4

Statement of Conditions—The PHA was eligible for operating subsidy from HUD but did not request this.

Criteria—The PHA is eligible for operating subsidy when it first rents apartments.

Effect—The PHA did not enjoy the cash flow that it was entitled to. One result of this is that it was eventually considered as “Troubled” financially.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—5-30-01

Action Planned—The PHA has applied and in receiving its operating subsidy for the year 2000. The PHA is in the process of filing the operating budget for the year 2001.

Finding Number 99-5

Statement of Conditions—A former Executive Director was paid in advance for much of the time that she worked.

Criteria—State law prohibits the payment of advances.

Effect—The PHA violated State law.

Corrective Action Plan:

Person Responsible—Board of Commissioners

Anticipated Completion Date—5-30-01

Action Planned—It was the responsibility of the board that every check have 2 signatures, with that plan being initiative, the fault lies with the board member signing checks and the board as a whole approving bills and salary for the month. The board has changed their policy to signing checks once a month so the finances are closely monitored.

Finding Number 99-6

Statement of Conditions—There is evidence of a Board member interfering with the day-to-day operations of the PHA. Relatives of a resident board member are also residents of the PHA and perform contract duties for the PHA. Two of the board members are related.

Criteria—The duties of the board include setting policy for staff to enforce. It may be a conflict of interest for relatives of a board member to reside at the PHA and/or to perform contract duties at the PHA. It may be a conflict of interest for 2 board members to be related.

Effect—The board may be incorrectly performing their organizational duties. The PHA may be involved in conflict of interest issues.

Corrective Action Plan:

Person Responsible—Board Chairperson

Anticipated Completion Date—

Action Planned—The alleged board member has stated that this finding is incorrect in the year that it is being presented. The relative of the board member hired was in the year 2000. The new ED has eliminated all relatives of board members to avoid a conflict of interest.

Finding Number 99-7

Statement of Conditions—The PHA is not posting notices of board meetings in advance.

Criteria—State law requires the posting of notices of board meetings at least 72 hours in advance of the meeting.

Effect—The PHA is in violation of State law.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—1-1-2000

Action Planned—The PHA has since posted minutes at the PHA office, the post office, and the city hall. Meeting dates posted are six months in advance.

Finding Number 99-8

Statement of Conditions—The PHA does not have copies of the written Oath of Office and Certificate of Appointment for each board member.

Criteria—State law requires a signed copy of this to be on file.

Effect—The PHA is in violation of State law.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—10-28-2000

Action Planned—The new ED has implemented a personnel file on each board member along with all certificates of appointments.

Finding Number 99-9

Statement of Conditions—The PHA has not performed a physical inventory of property and had the general ledger adjusted to it.

Criteria—The PHA should conduct an annual physical inventory and have the general ledger adjusted accordingly.

Effect—The PHA is not exercising proper control over assets.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—3-20-2001

Action Planned—The ED has taken the initiative to implement a new inventory list along with a copy for the fee accountant.

Finding Number 99-10

Statement of Conditions—The PHA is not submitting Tenant Accounts Receivable (TAR) reports (HUD 52295) and Occupancy Reports (HUD 51234).

Criteria—Per HUD regulation these reports are required to be submitted to HUD on a semi annual basis.

Effect—The PHA is in violation of HUD regulations.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—10-28-2000

Action Planned—The PHA has since filed all TAR and Occupancy Reports.

Finding Number 99-11

Statement of Conditions—The PHA is not requiring staff and to document work attendance and leave taken. Contractors are being paid without producing anything more than a driver's license and social security card, which is copied and attached to the check voucher.

Criteria—All staff should document time and attendance in writing. Contractors should produce an invoice documenting work done to get paid.

Effect—The PHA is not exercising proper control over payroll and contract costs.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—10-28-2000

Action Planned—The board has in place the proper documents for the ED to sign in and out for her time spent at the office.

Finding Number 99-12

Statement of Conditions—The PHA is not conducting an annual utility allowance study.

Criteria—HUD regulations require an annual update of utility allowances.

Effect—The PHA is in violation of HUD regulation and is charging residents incorrect rents.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—4-30-2001

Action Planned—The PHA is in the process of getting the information to see if an adjustment of the allowance should be higher or lower.

Finding Number 99-13

Statement of Conditions—The PHA does not have a maintenance plan in effect.

Criteria—Per HUD regulation the PHA must have a maintenance plan in effect.

Effect—The PHA is in violation of HUD regulation.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—6-15-2000

Action Planned—With the training from Borrell Technologies the board has adopted a maintenance plan.

Finding Number 99-14

Statement of Conditions—The PHA is not maintaining an appropriate resident waiting list.

Criteria—HUD regulations require that the PHA maintain and utilize an appropriate waiting list.

Effect—The PHA is in violation of HUD regulation.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—10-28-2000

Action Planned—The new ED has maintained a manual waiting list since being hired.

Finding Number 99-15

Statement of Conditions—The tenant files during the audit period lacked basic documentation to prove resident eligibility.

Criteria—Tenant files must include specific documentation to prove resident eligibility and appropriate rent charges.

Effect—It is impossible to determine if the residents were eligible and/or if they were paying the correct rents.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—6-1-2000

Action Planned—The tenant files to this date have all appropriate documentation that proves a true rental payment.

Finding Number 99-16

Statement of Conditions—During much of the audit period the financial records were posted over 1 year late. The PHA did not adopt an annual operating budget.

Criteria—The financial records should be posted currently for staff to properly monitor financial performance. The operating budget should be adopted and monitored during the year.

Effect—The PHA is not exercising proper controls over financial matters. We could not provide the audit exhibit comparing budget versus actual.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—10-2000

Action Planned—The PHA accepted the resignation of the former ED and has since posted monthly financial records.

Finding Number 99-17

Statement of Conditions—The PHA lacks proper internal controls such as the proper segregation of duties, utilization of policies, maintaining equipment inventory records, competitive procurement procedures, and appropriate rent collection.

Criteria—The PHA must utilize all of the above internal control procedures to properly manage the organization.

Effect—The PHA is poorly organized and dysfunctional.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—10-28-2000

Action Planned—The board has adopted new policies for themselves and the new ED to follow. The new ED has reorganized the internal controls and the filing system along with a resolution to collect rental payments.

Finding Number 99-18

Statement of Conditions—The PHA does not generate adequate source documentation such as rent rolls, pre numbered receipt forms, adequate contract labor invoices, and marking invoices as “paid”.

Criteria—Maintaining adequate source documentation is essential to properly controlling the functions of the PHA.

Effect—The PHA is not adequately documenting basic function.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—10-28-2000

Action Planned—The PHA has since registered all payments, security deposits, etc. on a rental register with the posting of a pre numbered receipt. The PHA has accounted for all invoices or services rendered.

Finding Number 99-19

Statement of Conditions—Cash management was extremely poor. Cash receipts and expenditure documentation were not timely organized and bound for recordation. A fair but firm collection policy is not being enforced, some residents were over 8 months delinquent in rent payment. The rent register is posted after the fact. Rent charges are not recertified annually resulting in residents paying incorrect rent amounts. Late charges are not being collected from residents.

Criteria—Cash receipt and expenditure documentation should immediately be bound in order for recordation. A fair but firm rent collection policy should be followed. Delinquent residents should be evicted promptly. Late charges should be assessed.

Effect—The PHA is failing miserably in this basic apartment management function.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—10-28-2000

Action Planned—All residents with back rents have a signed rental agreement with the PHA to repay monthly on monies owed to the PHA. The board has also set a policy requiring every tenant late paying rent automatically be charged a late fee.

Finding Number 99-20

Statement of Conditions—Sixteen policies need to be updated and/or adopted and posted including capitalization, code of ethics, collection, EEOC, income limits, lease, minority business enterprise, occupancy, pet, procurement, transfer, utility allowance, investment, grievance, and eviction policies.

Criteria—HUD regulations require all of the above policies to be updated and/or adopted and posted for the public to view.

Effect—The PHA is in violation of HUD regulations. This is curious in that the PHA paid a consultant to provide these policies near the end of the apartment construction phase.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—6-1-2000

Action Planned—All policies listed in this finding have been adopted in the year 2000.

Finding Number 99-21

Statement of Conditions—The board minutes were not kept orderly until July 2000. Board minutes approving the previous minutes were not signed. The PHA had infrequent board minutes until January 2000.

Criteria—Board minutes should be bound in chronological order. The board should approve the transcribed minutes of the prior meeting. The board should meet at appropriately scheduled intervals.

Effect—It is impossible to determine if the board is fulfilling its obligations to the PHA.

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—6-1-2000

Action Planned—The board has had regular scheduled meetings once a month with signatures of the ED and 1 board member. It is also posted for public viewing.

Finding Number 99-22

Statement of Conditions—The PHA did not have an adopted operating budget.

Criteria—The PHA should adopt an operating budget prior to the beginning of the fiscal year and monitor budget versus actual during the year.

Effect—The PHA violated State law. In addition, the PHA did not exercise proper control over revenue and expenditures. One result of this condition was the PHA being declared financially "Troubled".

Corrective Action Plan:

Person Responsible—Vanessa Lee

Anticipated Completion Date—1-1-2000

Action Planned—Since this finding the board has adopted an operating budget for the next 2 years. The new ED has internal controls in place so the funds can be monitored on expenditures.