

**HOUSING AUTHORITY OF
ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA**

**Annual Financial Report
September 30, 2003**

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 4-21-04

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of St. John the Baptist Parish
152 Joe Parquet Circle
LaPlace, Louisiana 70068

We have audited the accompanying basic financial statements of the Housing Authority of St. John the Baptist Parish (the "Housing Authority") as of and for the year ended September 30, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority as of September 30, 2003, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2004, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rebowe & Company

January 30, 2004

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
September 30, 2003**

Our discussion and analysis of the Housing Authority of St. John the Baptist Parish's financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended September 30, 2003.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Total spending for all our programs was \$2.5 million for the year. Rentals, interest and other income furnished \$288 thousand of this, with HUD grants and subsidies covering the balance. The public housing subsidy listed in the Public Housing Fund provided by HUD for the year ended September 30, 2003 was increased from \$1,089,160 to \$1,172,656 (8%) over the prior year. While these funds covered additional general and administrative cost, the increase had little effect on the Housing Authority's operations.

There were major capital projects done in Garyville Oaks Row Building, Vacancy Reduction Program, and in LaPlace Fire burnt units were the Capital Projects profound during this fiscal year resulting in an increase in construction in progress.

USING THIS ANNUAL FINANCIAL REPORT

The Housing Authority's annual financial report consist of financial statements that show information about the Housing Authority's most significant enterprise funds, such as the Housing Authority's Public Housing, Capital, CGP and Section 8.

An outline of the Annual Financial Report's contents is as follows:

- I. Independent Auditor's Report.
- II. Required Supplemental Information
 - A. Management's Discussion & Analysis (MD&A)
- III. Basic Financial Statements
- IV. Notes to Basic Financial Statements
- V. Supplemental Information

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
September 30, 2003**

A. Financial Data Schedule

B. Schedule of Compensation Paid Board Members

VI. Single Audit Section.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. All Housing Authority funds are enterprise funds.

Enterprise funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication. The operating results are presented in the Statement of Revenues, Expenses, and changes in Net Assets, and changes in cash are reflected in the Statement of Cash Flows.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$4.5 million at September 30, 2003. Total assets increased by 16% due to significant renovations of apartment units.

As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. A separate fund is established to account for Public Housing Capital Expenditures. The following analysis focuses on the net assets and the change in net assets of the Housing Authority as a whole.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
September 30, 2003**

**Table 1
Net Assets
September 30**

	<u>2003</u>	<u>2002</u>
Current assets	\$ 509,040	\$ 702,248
Capital assets, net	<u>4,466,432</u>	<u>3,757,283</u>
Total assets	<u>4,975,472</u>	<u>4,459,531</u>
Current liabilities	417,729	673,871
Noncurrent liabilities	<u>33,207</u>	<u>71,888</u>
Total liabilities	<u>450,936</u>	<u>745,759</u>
Net Assets		
Invested in capital assets, net of related debt	4,466,432	3,757,283
Unrestricted	<u>58,104</u>	<u>(43,511)</u>
Total net assets	<u>\$4,524,536</u>	<u>\$3,713,772</u>

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
September 30, 2003**

**Table 2
Changes in Net Assets
Year Ended September**

	<u>2003</u>	<u>2002</u>
Revenues/capital contributions:		
Operating revenues		
Rental and other	\$ 288,096	\$ 264,241
Nonoperating revenues		
Interest earnings	438	423
Federal grants and subsidies	2,891,404	2,089,350
Portability income		7,943
Other revenue	<u>123,823</u>	<u>-</u>
Total revenues	<u>\$3,303,761</u>	<u>\$2,361,957</u>
Expenses:		
Operating Expenses		
Administration	\$ 532,000	\$ 547,386
Tenant services	991	12,011
Utilities	431,993	617,576
Ordinary maintenance and operations	432,863	92,270
General expenses	230,274	190,015
Housing assistance payments	402,970	366,036
Protective services	36,784	85,327
Depreciation	<u>425,112</u>	<u>392,732</u>
Total expenses	<u>\$2,492,997</u>	<u>\$2,303,353</u>
Increase (decrease) in net assets	<u>\$ 810,764</u>	<u>\$ 58,604</u>

Total revenues increased by 40% due primarily to an increase in HUD subsidies. Funding for the Section 8 program remained relatively stable.

Expenses increased by 50% from the prior fiscal year.

CAPITAL ASSET

At September 30, 2003, the Housing Authority had \$4.5 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
September 30, 2003**

represents a net increase (including additions, deductions and depreciation) of \$488,025 or 13%, from last fiscal year.

Capital Assets at September 30

	<u>2003</u>	<u>2002</u>
Land	\$ 171,875	\$ 171,875
Buildings	10,803,661	10,177,107
Building Improvements	1,240,210	1,240,210
Furniture and equipment	359,331	324,378
Construction in progress	<u>746,369</u>	<u>277,814</u>
Subtotals	13,321,446	12,191,384
Less Accumulated Depreciation	<u>(8,855,014)</u>	<u>(8,429,891)</u>
Fixed Assets, Net	<u>\$ 4,466,432</u>	<u>\$ 3,761,493</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the federal budget than by local economic conditions. The election of a new president and all the changes in staffing which occurred as a result have had no major impact on our budget. It is anticipated that this may change in future years.

The comprehensive grant and drug elimination programs are multiple year budgets and had remain relatively stable. However, the drug elimination program has been discontinued. These funds were used to pay for drug elimination initiatives. The comprehensive grant program has been renamed the capital fund program and these funds are used for modernization of public housing properties including administrative fees involved in the modernization.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
PROPRIETARY FUNDS
BALANCE SHEET
September 30, 2003

ASSETS

	Major Funds	
	<u>Public Housing</u>	<u>Capital Fund</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 130,306	\$ -
Accounts Receivable from Tenants, Net of Allowance of (\$8,596)	3,039	-
Other Receivables	-	-
Advances to Other Contracts	119,593	-
Due from HUD	126,275	53,772
Inventory	16,934	-
Prepaid Insurance	38,391	-
	<hr/>	<hr/>
Total Current Assets	434,538	53,772
	<hr/>	<hr/>
CAPITAL ASSETS		
Land, Buildings and Equipment (Net of Accumulated Depreciation)	3,130,205	432,079
CIP	-	746,369
	<hr/>	<hr/>
Total Capital Assets, Net	3,130,205	1,178,448
	<hr/>	<hr/>
Total Assets	<u>\$ 3,564,743</u>	<u>\$ 1,232,220</u>

(Continued)

<u>Section 8</u>	<u>Other Enterprise Non Major</u>	<u>Total</u>
\$ -	\$ -	\$ 130,306
-	-	-
-	-	3,039
20,730	-	20,730
-	-	119,593
-	-	180,047
-	-	16,934
-	-	38,391
<u>20,730</u>	<u>-</u>	<u>509,040</u>
-	157,779	3,720,063
-	-	746,369
<u>-</u>	<u>157,779</u>	<u>4,466,432</u>
<u>\$ 20,730</u>	<u>\$ 157,779</u>	<u>\$ 4,975,472</u>

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
PROPRIETARY FUNDS
BALANCE SHEET (CONTINUED)
September 30, 2003**

	Major Funds	
	<u>Public Housing</u>	<u>Capital Fund</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 253,366	\$ -
Advances from Other Contracts	-	50,294
Due to HUD	-	-
Bank Overdraft	-	3,478
Compensated Absences	11,069	-
Tenant Deposits Held in Trust	24,803	-
Other Liabilities	-	-
	<hr/>	<hr/>
Total Current Liabilities	289,238	53,772
	<hr/>	<hr/>
NONCURRENT LIABILITIES		
Compensated Absences Payable	33,207	-
	<hr/>	<hr/>
Total Noncurrent Liabilities	33,207	-
	<hr/>	<hr/>
COMMITMENTS AND CONTINGENT LIABILITIES	-	-
	<hr/>	<hr/>
Total Liabilities	322,445	53,772
	<hr/>	<hr/>
NET ASSETS		
Invested In Capital Assets, Net of Related Debt	3,130,205	1,178,448
Unrestricted	112,093	-
	<hr/>	<hr/>
Total Net Assets	3,242,298	1,178,448
	<hr/>	<hr/>
Total Liabilities and Fund Equity	<u>\$ 3,564,743</u>	<u>\$ 1,232,220</u>

The accompanying notes are an integral part of this statement.

<u>Section 8</u>	<u>Other Enterprise Non Major</u>	<u>Total</u>
\$ -	\$ -	\$ 253,366
69,299	-	119,593
3,545	-	3,545
1,875	-	5,353
-	-	11,069
-	-	24,803
-	-	-
<u>74,719</u>	<u>-</u>	<u>417,729</u>
-	-	33,207
<u>-</u>	<u>-</u>	<u>33,207</u>
-	-	-
<u>74,719</u>	<u>-</u>	<u>450,936</u>
-	157,779	4,466,432
<u>(53,989)</u>	<u>-</u>	<u>58,104</u>
<u>(53,989)</u>	<u>157,779</u>	<u>4,524,536</u>
<u>\$ 20,730</u>	<u>\$ 157,779</u>	<u>\$ 4,975,472</u>

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
PROPRIETY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2003**

	Public Housing
OPERATING REVENUES	
Dwelling Rental	\$ 288,096
Total Operating Revenues	288,096
OPERATING EXPENSES	
Administration	380,090
Tenant Services	991
Utilities	431,993
Maintenance	432,863
General Expense	230,274
Housing Assistance Payments	-
Depreciation Expenses	382,083
Protective Services	22,538
Total Operating Expenses	1,880,832
Loss From Operations	(1,592,736)
NON OPERATING REVENUES	
Federal Grants	1,172,656
Other Revenue	111,940
Interest Income	391
Total Non Operating Revenues	1,284,987
NET INCOME (LOSS) BEFORE TRANSFERS	(307,749)
Transfers	48,834
Change in net assets	(258,915)
Net Assets, Beginning of Year	3,501,213
Net Assets, End of Year	\$ 3,242,298

The accompanying notes are an integral part of this statement.

Major Funds		Other Enterprise Non Major	Total
Capital Fund	Section 8		
\$ -	\$ -	\$ -	\$ 288,096
-	-	-	288,096
103,938	47,972	-	532,000
-	-	-	991
-	-	-	431,993
-	-	-	432,863
-	-	-	230,274
-	402,970	-	402,970
31,769	-	11,270	425,122
-	-	14,246	36,784
135,707	450,942	25,516	2,492,997
(135,707)	(450,942)	(25,516)	(2,204,901)
1,234,301	450,278	34,169	2,891,404
-	11,883	-	123,823
-	47	-	438
1,234,301	462,208	34,169	3,015,665
1,098,594	11,266	8,653	810,764
(48,834)	-	-	-
1,049,760	11,266	8,653	810,764
128,688	(65,255)	149,126	3,713,772
\$ 1,178,448	\$ (53,989)	\$ 157,779	\$ 4,524,536

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
PROPRIETY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2003**

	<u>Public Housing</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Rental Receipts	\$ 271,232
Other Receipts	20,969
Payments to Vendors	(1,132,629)
Payments to Employees	(317,872)
Housing Assistance Payments	-
	-
Net Cash Used By Operating Activities	(1,158,300)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES	
Federal Grant Income	1,172,656
Decrease (Increase) in Due From HUD	(12,396)
Non Operating Revenues	111,940
Decrease in Due to HUD	-
Transfers	48,834
	48,834
Net Cash Provided by Non-Capital Financing Activities	1,321,034
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Fixed Assets	(32,819)
Net Cash Used In Capital and Related Financing Activities	(32,819)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	391
Net Cash Provided by Investing Activities	391
NET INCREASE IN CASH AND CASH EQUIVALENTS	130,306
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 130,306

(Continued)

Major Funds		Other Enterprise	
Capital Fund	Section 8	Non Major	Total
\$ -	\$ -	\$ -	\$ 271,232
-	27,875	-	48,844
(239,166)	(11,875)	(25,647)	(1,409,317)
(16,140)	(34,222)	-	(368,234)
-	(402,970)	-	(402,970)
(255,306)	(421,192)	(25,647)	(1,860,445)
		-	-
		-	-
1,234,301	450,278	34,169	2,891,404
151,368	-	11,401	150,373
-	11,883	-	123,823
-	(41,016)	-	(41,016)
(48,834)	-	-	-
1,336,835	421,145	45,570	3,124,584
		-	-
		-	-
(1,081,529)	-	(19,923)	(1,134,271)
(1,081,529)	-	(19,923)	(1,134,271)
-	47	-	438
-	47	-	438
-	-	-	130,306
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,306</u>

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
PROPRIETY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended September 30, 2003**

	<u>Public Housing</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Operating Loss	\$ (1,592,736)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by (Used In) Operating Activities:	
Depreciation	382,083
Change in Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable	4,105
Decrease (Increase) in Other Receivables	-
Decrease (Increase) in Advances to Other Contracts	125,699
Decrease (Increase) in Advances from Other Contracts	-
Decrease (Increase) in Inventory	(4,751)
Increase (Decrease) in Prepaid Insurance	36,019
Increase (Decrease) in Bank Overdraft	(34,524)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(71,386)
Increase (Decrease) in Tenants Deposits Held in Trust	(15,324)
Increase (Decrease) in Compensated Absences	12,515
	12,515
Net Cash Used In Operating Activities	\$ (1,158,300)

The accompanying notes are an integral part of this statement.

Major Funds		Other Enterprise	
Capital Fund	Section 8	Non Major	Total
\$ (135,707)	\$ (450,942)	\$ (25,516)	\$ (2,204,901)
31,769	-	11,270	425,122
-	-	-	-
-	-	-	4,105
-	12,069	-	12,069
-	-	-	125,699
(140,814)	15,806	(691)	(125,699)
-	-	-	(4,751)
-	-	-	36,019
3,478	1,875	-	(29,171)
(14,032)	-	(10,710)	(96,128)
-	-	-	(15,324)
-	-	-	12,515
<u>\$ (255,306)</u>	<u>\$ (421,192)</u>	<u>\$ (25,647)</u>	<u>\$ (1,860,445)</u>

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of St. John the Baptist Parish's accounting and reporting policies conform to generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial principles. The following is a summary of significant policies:

A. REPORTING ENTITY

The Housing Authority of St. John the Baptist Parish (The "Housing Authority") was created to administer funds, through the issuance of bonds and U.S. Department of Housing and Urban Development (HUD) annual contribution contracts to promote decent, safe and sanitary housing for lower-income families that cannot afford standard private housing.

The Housing Authority has a five-member appointed Board of Commissioners and is headed by an Executive Director. It has the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. This report includes all funds of the Housing Authority.

As of September 30, 2003, the Housing Authority had the following number of units under its programs:

<u>Management Program</u>		<u>Number of Units</u>
PHA Owned Housing	FW-1422	316*
CIAP		-
Capital Fund		-
Drug Elimination Fund		-
Section 8 Programs		
Housing Choice Vouchers		102**

*includes one non-dwelling unit

** All units are not leased up.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
September 30, 2003**

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

Under the provisions of GASB Statement No. 14 the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state and local governments.

Any evidences of indebtedness are solely the obligations of the Housing Authority and are not obligations of the Parish of St. John the Baptist Parish or the State of Louisiana.

The Housing Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* as of October 1, 2002.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The accounting policies of the Housing Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Housing Authority has no governmental or fiduciary funds. All assets and liabilities associated with a proprietary funds' activities are included on its balance sheet.

The Housing Authority 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.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
September 30, 2003**

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

C. BUDGETS

The Housing Authority adopted budgets for all funds. The budget for the Capital Fund Program is a multiple-year budget.

HUD approves all budgets for HUD funded programs.

D. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include short-term investments with maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in interest-bearing demand deposit, money market, or time deposit accounts with state banks organized under Louisiana law and national banks that have their principal offices in Louisiana.

E. INVESTMENTS

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

F. SHORT-TERM INTERFUND RECEIVABLES AND PAYABLES

Transactions between individual funds occur during the course of operations. The receivables and payables resulting from these transactions are classified as "advances to other contracts" and "advances from other contracts" on the balance sheet.

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Housing Authority's balance sheet.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
September 30, 2003**

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

H. CAPITAL ASSETS

Capital assets are recorded at historical cost and are depreciated over their estimated useful lives. Estimated useful lives reflect management's estimates of how long the asset is expected to meet service demands. Depreciation expense is recorded using the straight-line method. When assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	40
Automotive Equipment	5
Furniture, Fixtures, and Other Equipment	3-7

I. ACCOUNTS RECEIVABLE FROM TENANTS

Accounts receivable from tenants are stated at net realizable value as required by generally accepted accounting principles. An allowance for doubtful accounts is used in the valuation of accounts receivable from tenants. As of September 30, 2003, the amount of (\$8,596) was recorded to the allowance for doubtful accounts from tenants.

J. COMPENSATED ABSENCES

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave, which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his retirement or termination date.

K. FUND EQUITY

Restrictions when appropriate represent those portions of fund equity that are not appropriate for expenses are legally segregated for a specific future use. There were no restrictions of fund equity as of September 30, 2003.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
September 30, 2003**

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

L. USE OF ESTIMATES

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The Housing Authority maintains deposit accounts in a national bank. At year end, the carrying amount of the Housing Authority's bank deposits was \$130,306, and the bank balance was \$155,068. The remainder difference was primarily due to outstanding checks. Of the bank balance, \$100,000 was covered by Federal depository insurance. In compliance with State laws, the remaining balance of \$55,068 was secured by bank owned securities specifically pledged to the Housing Authority and held by an independent custodian bank jointly in the name of the Housing Authority and the depository bank. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

State statutes authorize the Housing Authority to invest in the following types of securities:

1. Fully-collateralized certificates of deposit issued by commercial banks and savings and loan associations located within the State of Louisiana.
2. Direct obligations of the U.S. Government, including such instruments as treasury bills, treasury notes and treasury bonds.
3. Obligations of U.S. Government agencies that are deliverable on the Federal Reserve System.
4. Repurchase agreements in government securities in (2) and (3) above made with the primary dealers that report to and are regulated by the Federal Reserve Bank of New York.

The Housing Authority had no investments at September 30, 2003.

Interest income on cash and cash equivalents totaled \$438 for the year ended September 30, 2003.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
September 30, 2003**

NOTE 3 - CAPITAL ASSETS

Details of the Housing Authority's capital assets balances and current year activity are as follows:

	Balance Oct. 1, 2002	Additions	Deletions	Balance Sept. 30, 2003
Land	\$ 171,875	\$ -	\$ -	\$ 171,875
Buildings	10,177,107	626,554	-	10,803,661
Building Improvements	1,240,210	-	-	1,240,210
Furniture and Equipment	324,378	34,953	-	359,331
CIP	277,814	585,132	(116,578)	746,369
Subtotal	<u>12,191,384</u>	<u>1,246,639</u>	<u>(116,578)</u>	<u>13,321,446</u>
Less Accumulated Depreciation	<u>(8,429,891)</u>	<u>(425,123)</u>	<u>-</u>	<u>(8,855,014)</u>
Fixed Assets, Net	<u>\$ 3,761,493</u>	<u>\$ 821,516</u>	<u>\$ (116,578)</u>	<u>\$ 4,466,432</u>

NOTE 4 - RETIREMENT PLAN

The Housing Authority has adopted a defined retirement plan under Section 401 (a) of the Internal Revenue Code, with the following specifications and amendments to the plan.

- a. All regular full-time employees are eligible to participate in the Plan after attaining age 18 and completing 6 months of continuous and uninterrupted employment with the Authority.
- b. Employee contributions are five percent (5%) of basic employee compensation. Such contributions and all increments and decrements attributable thereto shall be non-forfeitable.
- c. Employer contributions are seven and one-half percent (7.5%). Participating employees shall vest at the rate of twenty percent (20%) for each full year of continuous employment with the Housing Authority.
- d. The normal retirement date shall be the first day of the month following the participating employee's 60th birthday.
- e. This defined contribution plan is administered by Broussard, Bush, and Hertz with Traveler's Insurance and they have full control of the funds on deposit in accordance with the above terms and conditions of the plan.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
September 30, 2003**

NOTE 4 - RETIREMENT PLAN (CONTINUED)

The Housing Authority's and covered employee's contributions to this plan totaled \$9,342 for the year ended September 30, 2003.

NOTE 5 - COMPENSATED ABSENCES

As of September 30, 2003, employees of the Housing Authority had accumulated \$44,276 of employee leave benefits. These amounts are recorded in the funds from which payment will be made.

NOTE 6 - PAYMENT IN LIEU OF PROPERTY TAXES

In accordance with a cooperation agreement with the Parish of St. John the Baptist Parish, the Housing Authority is not required to pay property taxes. Instead, the Housing Authority is required to make payments in lieu of property taxes if and when funds may become available. No payments in lieu of property taxes were required or have been made for the year ended September 30, 2003.

NOTE 7 - BOARD OF COMMISSIONERS' COMPENSATION

The members of the Board of Commissioners of the Housing Authority are compensated for serving on the Board as follows: The Chairman and the Vice-Chairman each receive \$60 per month and all other Commissioners receive \$60 per month.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Housing Authority has an unpaid liability of \$39,166 to the Department of Treasury-Internal Revenue Service for unpaid payroll taxes. The liability is included in the balance sheet under the caption accounts payable and accrued expenses.

NOTE 9 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables included in the Housing Authority's balance sheet under the captions "Advances to Other Contracts" and "Advances from Other Contracts" as of September 30, 2003:

	<u>Advances to</u>	<u>Advances From</u>
Public Housing	\$ -	\$ 119,593
Capital Fund Program	50,294	
Section 8	69,299	-
Drug Elimination	<u>-</u>	<u>-</u>
Total	<u>\$ 119,593</u>	<u>\$ 119,593</u>

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
September 30, 2003**

NOTE 10 - RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Housing Authority maintains commercial insurance to mitigate these risks.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA
For the Year Ended September 30, 2003

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
ASSETS:							
CURRENT ASSETS:							
Cash:							
111	Cash - Unrestricted	\$ 130,306	\$ -	\$ -	\$ -	\$ -	\$ 130,306
100	Total Cash	130,306	-	-	-	-	130,306
Accounts and notes receivables:							
121	Accounts Receivable - HA Portability	-	-	-	20,730	-	20,730
122	Accounts Receivable - HUD	126,275	53,772	-	-	-	180,047
126	Accounts Receivable - Tenants	11,635	-	-	-	-	11,635
126.1	Allowance for Doubtful Accounts - Tenants	(8,596)	-	-	-	-	(8,596)
120	Total receivables, net of allowance for doubtful accounts	129,314	53,772	-	20,730	-	203,816
Current investments							
131	Investments - Unrestricted	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	38,391	-	-	-	-	38,391
143	Inventories	16,934	-	-	-	-	16,934
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Interprogram - Due From	119,593	-	-	-	-	119,593
146	Amounts To Be Provided	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	434,538	53,772	-	20,730	-	509,040

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA (CONTINUED)
For the Year Ended September 30, 2003**

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
NONCURRENT ASSETS							
Fixed Assets							
161	Land	171,875	-	-	-	-	171,875
162	Buildings	10,177,108	457,504	169,049	-	-	10,803,661
163	Furniture, Equipment & Machinery - Dwellings	19,623	6,344	-	-	-	25,967
164	Furniture, Equipment & Machinery - Administration	333,364	-	-	-	-	333,364
165	Leasehold Improvements	1,240,210	-	-	-	-	1,240,210
166	Accumulated Depreciation	(8,811,975)	(31,769)	(11,270)	-	-	(8,855,014)
167	CIP	-	746,369	-	-	-	746,369
160	Total fixed assets, net of accumulated depreciation	3,130,205	1,178,448	157,779	-	-	4,466,432
171	Notes and Mortgages Receivable - Noncurrent	-	-	-	-	-	-
172	Notes and Mortgages Receivable - Past Due	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-
175	Undistributed Debits	-	-	-	-	-	-
176	Investment in Joint Ventures	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	3,130,205	1,178,448	157,779	-	-	4,466,432
190	TOTAL ASSETS	\$ 3,564,743	\$ 1,232,220	\$ 157,779	\$ 20,730	\$ -	\$ 4,975,472

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA (CONTINUED)
For the Year Ended September 30, 2003**

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
	LIABILITIES AND EQUITY:						
	LIABILITIES:						
	CURRENT LIABILITIES:						
311	Bank Overdraft	\$ -	\$ 3,478	-	\$ 1,875	-	\$ 5,353
312	Accounts Payable < 90 Days	56,618	-	-	-	-	56,618
313	Accounts Payable > 90 Days Past Due	133,029	-	-	-	-	133,029
321	Accrued Wage/Payroll Taxes Payable	26,739	-	-	-	-	26,739
	Accrued Compensated Absences -						
322	Current	11,069	-	-	-	-	11,069
323	F.S.S. Escrow Liability	-	-	-	-	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-
331	Accounts Payable - HUD	-	-	-	3,545	-	3,545
332	Accounts Payable - Other Government	-	-	-	-	-	-
341	Tenant Security Deposits	24,803	-	-	-	-	24,803
342	Deferred Revenues	-	-	-	-	-	-
343	Current Portion of						
	Long-Term Debt - Capital Projects	-	-	-	-	-	-
344	Current Portion of Long-Term Debt	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-
346	Accrued Liabilities - Other	36,980	-	-	-	-	36,980
347	Inter-Program - Due To	-	50,294	-	69,299	-	119,593
310	TOTAL CURRENT LIABILITIES	289,238	53,772	-	74,719	-	417,729

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA (CONTINUED)
For the Year Ended September 30, 2003**

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
NONCURRENT LIABILITIES							
351	Long-Term Debt,	-	-	-	-	-	-
	Net of Current - Capital Projects						
352	Long-Term Debt, Net of	-	-	-	-	-	-
	of Current - Operating Borrowings						
353	Noncurrent Liabilities - Other	-	-	-	-	-	-
	Accrued Compensated Absences -						
354	Non Current	33,207	-	-	-	-	33,207
350	TOTAL NONCURRENT LIABILITIES	33,207	-	-	-	-	33,207
300	TOTAL LIABILITIES	322,445	53,772	-	74,719	-	450,936
EQUITY:							
501	Investment In General Fixed Assets	-	-	-	-	-	-
Contributed Capital:							
502	Project Notes (HUD)	-	-	-	-	-	-
503	Long-Term Debt - HUD Guaranteed	-	-	-	-	-	-
504	Net HUD PHA Contributions	-	-	-	-	-	-
505	Other HUD Contributions	-	-	-	-	-	-
507	Other Contributions	-	-	-	-	-	-
508	Total contributed capital	-	-	-	-	-	-
508.1	Invested in Capital Assets,	3,130,205	1,178,448	157,779	-	-	4,466,432
	Net of Related Debt						

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA (CONTINUED)
For the Year Ended September 30, 2003**

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
	Reserved fund balance:						
509	Reserved for Operating Activities:	-	-	-	-	-	-
510	Reserved for Capital Activities	-	-	-	-	-	-
511	Total reserved fund balance	-	-	-	-	-	-
512	Undesignated						
	Fund Balance/ Retained Earnings	-	-	-	-	-	-
512.1	Unrestricted Net Assets	112,093	-	-	(53,989)	-	58,104
513	TOTAL EQUITY	3,242,298	1,178,448	157,779	(53,989)	-	4,524,536
600	TOTAL LIABILITIES AND EQUITY	\$ 3,564,743	\$ 1,232,220	\$ 157,779	\$ 20,730	\$ -	\$ 4,975,472

LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA
For the Year Ended September 30, 2003

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
REVENUE:							
703	Dwelling Rental Revenue	\$ 267,127	\$ -	\$ -	\$ -	\$ -	\$ 267,127
704	Tenant Revenue - Other	20,969	-	-	-	-	20,969
705	Total tenant revenue	288,096	-	-	-	-	288,096
706	HUD PHA Grants	1,172,656	152,772	19,923	450,278	14,246	1,809,875
706.1	Capital Revenues	-	1,081,529	-	-	-	1,081,529
708	Other Government Grants	-	-	-	-	-	-
711	Investment Income - Unrestricted	391	-	-	-	-	391
712	Mortgage Interest Income	-	-	-	-	-	-
714	Fraud Recovery	-	-	-	-	-	-
715	Other Revenue	111,940	-	-	11,883	-	123,823
716	Gain or Loss on the Sale of Fixed Assets	-	-	-	-	-	-
720	Investment Income - Restricted	-	-	-	47	-	47
700	TOTAL REVENUE	\$ 1,573,083	\$ 1,234,301	\$ 19,923	\$ 462,208	\$ 14,246	\$ 3,303,761

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (CONTINUED)
For the Year Ended September 30, 2003**

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
EXPENSES:							
Administrative							
911	Administrative Salaries	188,340	16,140	-	34,222	-	238,702
912	Auditing Fees	20,500	-	-	5,000	-	25,500
913	Outside Management Fees	-	-	-	-	-	-
914	Compensated Absences	-	-	-	-	-	-
	Sundry - Other Admin Expense	-	-	-	-	-	-
915	Employee Benefit Contributions - Administrative	76,450	-	-	2,599	-	79,049
916	Other - Operating Administrative	94,800	87,798	-	6,151	-	188,749
972	Casualty Losses - Non-Capitalized	-	-	-	-	-	-
973	Replacement of Non - Expendable	-	-	-	-	-	-
Tenant Services							
921	Tenant Services - Salaries	700	-	-	-	-	700
922	Relocation Costs	-	-	-	-	-	-
923	Employee Benefits Contributions - tenant services	291	-	-	-	-	291
924	Tenant Services - Other	-	-	-	-	-	-

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (CONTINUED)
For the Year Ended September 30, 2003**

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
	Utilities						
931	Water	272,684	-	-	-	-	272,684
932	Electricity	29,252	-	-	-	-	29,252
933	Gas	130,057	-	-	-	-	130,057
934	Fuel	-	-	-	-	-	-
935	Labor	-	-	-	-	-	-
936	Garbage Disposal	-	-	-	-	-	-
937	Employee Benefits Contributions - Utilities	-	-	-	-	-	-
938	Other Utilities Expense	-	-	-	-	-	-
	Ordinary Maintenance & Operation						
941	Ordinary Maintenance and Operations - Labor	209,205	-	-	-	-	209,205
942	Ordinary Maintenance and Operations - Materials & Other	62,118	-	-	-	-	62,118
943	Ordinary Maintenance and Operations - Contract Costs	76,619	-	-	-	-	76,619
945	Employee Benefit Contributions - Ordinary Maintenance	84,921	-	-	-	-	84,921

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (CONTINUED)
For the Year Ended September 30, 2003

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
	Protective services						
952	Protective Services - Other Contract Costs	22,538	-	-	-	14,246	36,784
953	Protective Services - Other	-	-	-	-	-	-
955	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-
	General expenses						
961	Insurance Premiums	200,229	-	-	-	-	200,229
962	Other General Expenses	27,220	-	-	-	-	27,220
963	Payments in lieu of taxes	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	2,825	-	-	-	-	2,825
965	Bad Debt - Mortgages	-	-	-	-	-	-
966	Bad Debt - Other	-	-	-	-	-	-
967	Interest Expense	-	-	-	-	-	-
968	Severance Expense	-	-	-	-	-	-
	TOTAL OPERATING REVENUE	1,498,749	103,938	-	47,972	14,246	1,664,905
970	EXPENSES	74,334	1,130,363	19,923	414,236	-	1,638,856
971	Extraordinary Maintenance	-	-	-	-	-	-
973	Housing assistance payments	-	-	-	402,970	-	402,970
974	Depreciation Expense	382,083	31,769	11,270	-	-	425,122
975	Fraud Losses	-	-	-	-	-	-

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (CONTINUED)
For the Year Ended September 30, 2003**

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
976	Capital Outlays - Governmental Funds	-	-	-	-	-	-
977	Debt Principal Payment - Governmental Funds	-	-	-	-	-	-
978	Dwelling Units Rent Expense	-	-	-	-	-	-
900	TOTAL EXPENSES	1,880,832	135,707	11,270.00	450,942	14,246	2,492,997
OTHER FINANCING SOURCES							
1001	Operating Transfers In	48,834	-	-	-	-	48,834
1002	Operating Transfers Out	-	(48,834)	-	-	-	(48,834)
1003	Operating Transfers From/To Primary Government	-	-	-	-	-	-
1004	Operating Transfers From/To Component Unit	-	-	-	-	-	-
1005	Proceeds From Notes, Loans and Bonds	-	-	-	-	-	-
1006	Proceeds From Property Sales	-	-	-	-	-	-
1010	TOTAL OTHER FINANCING SOURCES (USES)	48,834	(48,834)	-	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENSES	\$ (258,915)	\$ 1,049,760	\$ 8,653	\$ 11,266	\$ -	\$ 810,764

NOTE: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (CONTINUED)
For the Year Ended September 30, 2003**

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
	Memo Account Information						
1101	Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1102	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-
1103	Beginning Equity	3,501,213	128,688	149,126	(65,255)	-	3,713,772
1104	Prior Period Adjustments and Equity Transfers	-	-	-	-	-	-
1105	Changes in Compensated Absences Liability Balance (in the GLTDAG)	-	-	-	-	-	-
1106	Changes in Contingent Liability Balance (in the GLTDAG)	-	-	-	-	-	-
1107	Changes in Unrecognized Pension Transition Liability (in the GLTDAG)	-	-	-	-	-	-
1108	Changes in Special Term/Severance Benefits Liability (in the GLTDAG)	-	-	-	-	-	-
1109	Changes in Allowance For Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-
1110	Changes in Allowance For Doubtful Accounts - Other	-	-	-	-	-	-
1112	Depreciation "Add Back"	-	-	-	-	-	-
1113	Maximum Annual Contributions Commitment (per ACC)	-	-	-	469,376	-	469,376

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (CONTINUED)
For the Year Ended September 30, 2003**

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
1114	Prorate Maximum Annual Contributions Applicable to a Period of less than twelve months	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1115	Contingency Reserve, ACC Program Reserve	-	-	-	127,504	-	127,504
1116	Total Annual Contributions Available	-	-	-	597,880	-	597,880
1120	Unit Months Available	3,481	-	-	1,200	-	4,681
1121	Number of Unit Months Leased	2,953	-	-	927	-	3,880

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
COMPENSATION PAID TO BOARD MEMBERS
For the Year Ended September 30, 2003**

The members of the Board of Commissioners are as follows:

<u>Commissioner</u>		<u>Annual Compensation</u>
Rev. Donald Brown	Chairman	\$ 660
Rev. Forell Bering	Vice Chairman	560
Priscella James		480
Pedro Francisco		600
Kalanta Jackson		480

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
STATEMENTS OF CERTIFICATION OF ACTUAL
MODERNIZATION COSTS COMPLETED
For the Year Ended September 30, 2003**

	CIAP Project LA48P095-707- 99	CIAP Project LA48P095-501- 00	Drug Elimination Project LA48DEP095- 501-01
Funds Approved	\$ 307,260	\$ 646,303	\$ 77,369
Funds Expended (1)	<u>(307,260)</u>	<u>(646,303)</u>	<u>(77,369)</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced (2)	\$ 307,260	\$ 646,303	\$ 77,369
Funds Expended	<u>\$ (307,260)</u>	<u>\$ (646,303)</u>	<u>\$ (77,369)</u>
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Cumulative accrued expenditures

(2) Cash received in bank depository

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of St. John the Baptist Parish
152 Joe Parquet Circle
LaPlace, Louisiana 70068

We have audited the basic financial statements of the Housing Authority of St. John the Baptist Parish (the "Housing Authority") as of and for the year ended September 30, 2003, and have issued our report thereon dated January 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority's basic 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Housing Authority in a separate letter dated January 30, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the

purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 basic 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Housing Authority in a separate letter dated January 30, 2004.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Reboue & Company

January 30, 2004

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of St. John the Baptist Parish
152 Joe Parquet Circle
LaPlace, Louisiana 70068

Compliance

We have audited the compliance of the Housing Authority of St. John the Baptist Parish (the "Housing Authority") 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, 2003. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority's compliance with those requirements.

As described in items 03-2 through 03-5, in the accompanying Schedule of Findings and Questioned Costs, the Housing Authority did not comply with requirements regarding HUD tenant file maintenance procedures that are applicable to its major HUD programs as detailed in those items. Compliance with such requirements is necessary, in our opinion, for the Housing Authority, to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Housing Authority 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, 2003.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Housing Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 03-1.

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 the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 03-1 to be a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

January 30, 2004

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2003**

<u>Federal Grantor</u> <u>Program Title</u>	<u>C DFA No.</u>	<u>Grant ID No.</u>	<u>Program</u> <u>Expenditures</u>
U.S. Department of Housing And Urban Development			
Direct Programs:			
Low-Income Housing			
Operating Subsidy	14.850 a*	FW-1422	\$ 1,172,656
Drug Elimination Program	14.854	FW-1422	14,246
Capital Fund Program	14.872*	FW-1422	1,234,301
Section 8 - Housing Choice Voucher	14.871*		450,278
Comprehensive Improvement Assistance Program	14.859		19,923
			<hr/>
Total			<u>\$ 2,891,404</u>

*** - Major program**

See notes to Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2003**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal awards of the Housing Authority reporting entity as defined in Note 1 to the Housing Authority's basic financial statements. All federal awards were received directly from HUD.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority and is presented on the accrual basis of accounting.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

	<u>Revenues</u>
Low Rent Public Housing	\$ 1,172,656
Comprehensive Improvement Assistance Program	19,923
Capital Fund Program	1,234,301
Drug Elimination Program	14,246
Section 8- Housing Choice Voucher Program	450,278
Total	\$ 2,891,404

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 5 - FEDERAL AWARDS

In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's operating income from rents or income from investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be expended during the fiscal year.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2003**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Housing Authority.
2. No material weaknesses or reportable conditions in internal control over financial reporting relating to the audit of the basic financial statements are reported in the *Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the Housing Authority are reported in the *Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
4. A reportable condition disclosed during the audit of internal control over major federal award programs is reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance With OMB Circular A-133*. The condition is referred to as 03-1 in section C of this report and is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for the Housing Authority expresses a qualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule and include conditions referred to as 03-2 through 03-5 in section C of this report.
7. The programs tested as major programs are as follows:

PROGRAM	<u>CFDA No.</u>
Low-Income Housing Operating Subsidy	14.850
Section 8- Housing Choice Program - Voucher	14.871
Capital Fund Program	14.872

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2003**

A. SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Housing Authority did not qualify to be a low-risk auditee.
10. A management letter dated January 30, 2004 was issued.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

INTERNAL CONTROL

03-1 Public and Indian Housing - Low Income Housing Annual Contribution
CFDA 14.850

Procurement of Legal Services:

Background:

The Housing Authority issued a Request for Proposals for Legal Services in November 2002. In January 2003, six (6) proposals were received and reviewed by a Committee of Housing Authority employees, non-affiliated housing authority executives and civic leaders. The Committee scored each of the proposals based on various factors including experience and price. The Executive Director prepared Resolution No. 29-2003 recommending the law firm with the highest score from the Committee. The resolution was tabled at the January 10, 2003 Board meeting. Subsequently, three (3) Board members then executed a contract with another law firm that submitted a proposal but was not selected by the Committee on March 31, 2003. As noted in a letter dated April 16, 2003 to the Chairman of the Board from the Acting Director of the Memphis Troubled Agency Recovery Center, the legal contract was not in compliance with 24CFR 85.36.

As a result, a new contract was drafted and signed by the Executive Director and the Chairman of the Board with the same law firm as in the original contract on December 15, 2003. It is our understanding that this contract supersedes the original contract dated March 31, 2003.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2003**

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

Conditions:

1. When the Board executed the contract dated March 31, 2003, the Board bypassed the established procurement procedures as listed in the procurement policy dated February 25, 2002. The procurement policy states "All procurement transactions will be administered by the Contracting Officer, who is either the Executive Director, or other individual the Executive Director has authorized in writing." The Contracting Officer did not execute the contract dated March 31, 2003. Having received training and experience with procurement related HUD regulations, we believe the process of including the Contracting Officer in all procurement transactions, reduces the risk of executing contracts that are not in compliance with HUD regulations. Specifically, this contract and the procurement procedures associated with this contract violated 24 CFR 85.36 as follows:
 - a. The rationale for selecting a law firm other than the law firm that was recommended by the Committee was not adequately documented. 24 CFR 85.36 (b)(9) states "Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."
 - b. The contract fees include a retainer of \$2,000 per month plus additional litigation services at \$125 per hour with no ceiling established. 24 CFR 85.36 (b)(10) states "Grantees and subgrantees will use time and material type contracts only—(i) After a determination that no other contract is suitable, and (ii) If the contract includes a ceiling price that the contractor exceeds at its own risk."
2. Pertaining to the contract executed December 15, 2003, the Housing Authority has not submitted all the requested documents to HUD's Chief Council for a legal review of the contract to ascertain its compliance with 24CFR 85.36 and the Public Housing Procurement Handbook. 24 CFR 85.36 (g)(2) states "Grantees and subgrantees must on request make available for awarding agency pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc. when: (i) A grantee's or subgrantee's procurement procedures or operations fail to comply with the procurement standards in this section..."

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2003**

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

Criteria:

All contracts and procurement procedures should be conducted in accordance with 24CFR 85.36, the Public Housing Procurement Handbook and the Housing Authority's procurement policy.

Cause:

Procurement transactions were not conducted by the Contracting Officer.

Effect:

The superceded contract executed March 31, 2003 was not in compliance with 24CFR 85.36 and the contract executed on December 15, 2003 was not subjected to a review by HUD's Chief Council prior to its execution.

Recommendation:

We recommend that the Housing Authority follow the procurement procedures listed in the Housing Authority's procurement policy and allow the Contracting Officer to review and execute all contracts. Further, we recommend that the Housing Authority submit the appropriate documentation so that HUD can review the contract executed on December 15, 2003.

Managements Response:

See management's corrective action plan or their response.

COMPLIANCE

03-2 Public and Indian Housing - Low Income Housing Annual Contribution
CFDA 14.850

Operating Fund Calculation of Operating Subsidy Budget

Condition:

The Housing Authority submitted the HUD form 52723, Operating Fund Calculation of Operating Subsidy Budget, late in September, 2002.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2003**

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

Criteria:

The Housing and Urban Development requires that the Operating Fund Calculation of Operating Subsidy Budget be submitted between 90 and 150 days before the beginning of the next fiscal year.

Cause:

There was a delay in receiving information for the submission of the budget.

Effect:

The Operating Fund Calculation of Operating Subsidy Budget was not submitted to Housing and Urban Development in a timely manner. There are no questioned costs.

Recommendation:

We recommend that the Housing Authority follow HUD's guidelines and file the budget timely.

Management's Response:

See management's corrective action plan for their response.

03-3 Section 8 Housing Choice Vouchers - CFDA 14.871

Reasonable Rent

Condition:

The Housing Authority did not provide supporting documentation in tenant files to determine reasonable rent.

Criteria:

Housing and Urban Development requires that the Housing Authority follow the HUD requirements to determine that the rent paid to owner is reasonable in comparison to rent for other comparable unassisted units. The Housing Authority's determination must consider unit attributes such as the location, quality, size, unit type, age of the unit, amenities, housing services, maintenance and utilities provided by the owner. This

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2003**

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

determination must be considered at the time of initial leasing, during the contract before any increase in the rent paid to owner, and at the Housing Assistance Payment contract anniversary if there is a five percent decrease in the published Fair Market Rent. The Housing Authority must also maintain records to document the basis of reasonable rent.

Cause:

The Housing Authority did not provide supporting documentation for reasonable rent in the tenant files.

Effect:

We tested 20 tenant units and noted 7 of the tenant units were not compared to other unassisted units; therefore, rent was not determined to be reasonable. There are no questioned costs.

Recommendation:

We recommend that the Housing Authority follow Housing and Urban Development's stipulated guidelines regarding reasonable rent.

Management's Response:

See management's corrective action plan for their response.

03-4 Section 8 Housing Choice Vouchers - CFDA 14.871

Utility Allowances:

Condition:

The Housing Authority did not provide supporting documentation in tenant files to determine if the proper utility allowances were utilized.

Criteria:

HUD requires that the Housing Authority maintain an up-to-date utility allowance schedule. The Housing Authority must review utility rate data for each utility category each year and adjust its utility allowance schedule if there has been a rate change of 10

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2003**

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

percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised (24 CFR section 982.517).

Cause:

Due to an oversight, the Housing Authority did not provide adequate documentation in tenant files to determine if the proper utility allowances were utilized.

Effect:

We tested 20 tenant files and noted six (6) did not have utility allowance documentation in the files. Therefore, we could not determine if the current utility allowance schedule was used in determining the tenant's proper utility allowances. There are no questioned costs.

Recommendation:

We recommend that the Housing Authority follow Housing and Urban Development's requirements regarding Utility Allowances. The Housing Authority should maintain a current utility allowance schedule in the files to monitor the proper utility allowances for the units leased. The Housing Authority should also note in the file if the utility rate data for each utility category changed and document such changes in the respective files.

Management's Response:

See management's corrective action plan for their response.

03-5 Public Indian Housing - Low Income Housing Annual Contribution
CFDA 14.850

Uniform Physical Condition Standard Inspections

Condition:

The Housing Authority did not complete the Uniform Physical Condition Standard Inspections form in tenant files.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2003**

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

Criteria:

HUD requires that the Housing Authority inspect the unit leased to a family at least annually to determine if the unit meets Uniform Physical Condition Standards (UPCS) and the Housing Authority must conduct quality control reinspections (24 CFR sections 982.158 (d) and 982.405 (b)).

Cause:

The Housing Authority did not document the Uniform Physical Condition Standard Inspections (UPCS) performed.

Effect:

We tested 20 tenant units and noted 3 of the tenant units did not have completed (UPCS) forms in the file.

Recommendation:

We recommend that the Housing Authority follow Housing and Urban Development's requirements to physically inspect the tenant's unit and document the results on the UPCS form.

Management's Response:

See management's corrective action plan for their response.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2003**

02-1 Audit Report Filing

Condition:

The Housing Authority was unable to file its annual audit in accordance with the Louisiana Legislative Auditor's office by its due date in accordance with LRS 24:514, 33:463 and/or 39:32.

Current Status:

Resolved.

02-2 Public and Indian Housing - Low Income Housing Annual Contribution
CFDA 14.850

Procurement

Condition:

During our testing of cash disbursements, we found instances of noncompliance by management with the Housing Authority's Procurement Policy, and HUD's handbook section 7460.08.

Current Status:

Resolved.

02-3 Public and Indian Housing - Low Income Housing Annual Contribution
CFDA 14.850

Operating Fund Calculation of Operating Subsidy Budget

Condition:

The Housing Authority submitted the HUD form 52723, Operating Fund Calculation of Operating Subsidy Budget, late in February, 2002.

Current Status:

Unresolved. See Finding 03-2.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS (CONTINUED)
For the Year Ended September 30, 2003**

02-4 Section 8 Housing Choice Vouchers - CFDA 14.871

Reasonable Rent

Condition:

The Housing Authority did not provide supporting documentation in tenant files to determine reasonable rent.

Current Status:

Unresolved. See Finding 03-3.

02-5 Section 8 Housing Choice Vouchers - CFDA 14.871

Utility Allowances

Condition:

The Housing Authority did not provide supporting documentation in tenant files to determine if the proper utility allowances were utilized.

Current Status:

Unresolved. See Finding 03-4.

02-6 Section 8 Housing Choice Vouchers - CFDA 14.871

Housing Quality Standard Inspections

Condition:

The Housing Authority did not provide adequate correspondence letters in tenant files to determine the status of the failed Housing Quality Standard Inspections.

Current Status:

Resolved.

02-7 Public Indian Housing - Low Income Housing Annual Contribution
CFDA 14.850

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS (CONTINUED)
For the Year Ended September 30, 2003**

Uniform Physical Condition Standard Inspections

Condition:

The Housing Authority did not complete the Uniform Physical Condition Standard Inspections form in tenant files.

Current Status:

Unresolved. See Finding 03-5.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2003**

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

Finding 03-1 Procurement

Recommendation:

We recommend that the Housing Authority follow the procurement procedures listed in the Housing Authority's procurement policy and allow the Contracting Officer to review and execute all contracts. Further, we recommend that the Housing Authority submit the appropriate documentation so that HUD can review the contract executed on December 15, 2003.

Contact:

Alice Crenshaw, Executive Director, (985) 652-9036.

Corrective Action:

The management will consult with the Board of Directors to determine the proper disposition of this matter.

Anticipated Completion Date:

Immediately.

Finding 03-2 Operating Fund Calculation of Operating Subsidy Budget

Recommendation:

The Housing Authority should follow HUD's guidelines, and file the budget timely.

Contact:

Alice Crenshaw, Executive Director, (985) 652-9036.

Corrective Action:

All required forms will be completed and submitted by their respective deadlines.

Anticipated Completion Date:

Immediately.

Finding 03-3 Reasonable Rent

Recommendation:

The Housing Authority should follow Housing and Urban Development's stipulated guidelines regarding reasonable rent.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)
For the Year Ended September 30, 2003**

**SECTION C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL
AWARD PROGRAMS (CONTINUED)**

Contact:

Alice Crenshaw, Executive Director, (985) 652-9036.

Corrective Action:

The rent reasonable program was initiated in April, 2003. Each tenant's re-examination is scheduled annually. The seven (7) tenants that did not have a rent reasonableness in their file may have not had their annual re-examination. By April 2004 all files should contain rent reasonableness documentation.

Anticipated Completion Date:

September 30, 2004.

Finding 03-4 Utility Allowances

Recommendation:

We recommend that the Housing Authority follow Housing and Urban Development's requirements regarding Utility Allowances. The Housing Authority should maintain a current utility allowance schedule in the files to monitor the proper utility allowances for the units leased. The Housing Authority should also note in the file if the utility rate data for each utility category changed and document such changes in the respective files.

Contact:

Alice Crenshaw, Executive Director, (985) 652-9036.

Corrective Action:

The Utility Allowance table is in the computer system and is placed in the file as the annual re-examinations are done. This process began last year at the end of our last audit as prescribed by our auditor. The process is being utilized and all tenants' files should have the Utility Allowance sometime during 2004, as annual re-examinations are completed.

Anticipated Completion Date:

September 30, 2004.

Finding 03-5 Uniform Physical Condition Standard Inspections

Recommendation:

The Housing Authority should follow Housing and Urban Development's requirements to physically inspect the tenant's unit and document results on the UPCS form.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)
For the Year Ended September 30, 2003**

**SECTION C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL
AWARD PROGRAMS (CONTINUED)**

Contact:

Alice Crenshaw, Executive Director, (985) 652-9036.

Corrective Action:

All tenant files will be reviewed and updated to reflect completed Uniform Physical Condition Standard Inspection forms where appropriate.

Anticipated Completion Date:

Immediately.

**HOUSING AUTHORITY OF
ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA**

Memorandum of Advisory Comments

September 30, 2003

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7. Incomplete Work Orders for Public Housing	4

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

A PROFESSIONAL CORPORATION

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January 30, 2004

Board of Commissioners
Housing Authority of St. John the Baptist Parish
152 Joe Parquet Circle
Laplace, Louisiana 70068

We have audited the basic financial statements of the Housing Authority of St. John the Baptist Parish, Louisiana (the "Housing Authority") for the year ended September 30, 2003 and have issued our report thereon dated January 30, 2004. As part of our audit, we considered the Housing Authority's internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. We previously reported on the Housing Authority's internal control in a separately issued report entitled *Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated January 30, 2004. This letter does not affect our report dated January 30, 2004 on the financial statements of the Housing Authority.

We will review the status of these matters during our next audit engagement. We have discussed our recommendations with management of the Housing Authority and have included their Corrective Action Plan. We will be pleased to discuss these recommendations with you in further detail at your convenience, perform any additional analysis of these matters, or assist you in implementing our recommendations.

Sincerely,

Rebowe & Company

OBSERVATION 03-1: RENTAL REGISTERS

We observed that rental registers did not agree to the general ledger. The total rental register revenue was \$284,273 while the general ledger was \$267,127, which is a \$17,146 difference.

RECOMMENDATION

We recommend that the Housing Authority agree or reconcile the rental subsidiary ledgers to the general ledger on a monthly basis.

CORRECTIVE ACTION PLAN

Person Responsible - Executive Director, (985) 652-9036.

Action Planned - We concur with the observation and recommendation and will implement procedures to reconcile the ledgers immediately.

OBSERVATION 03-2: PAYROLL

We observed that the Housing Authority has one checking account for Public Housing. The Housing Authority uses this account for both operating checks and payroll checks.

RECOMMENDATION

We recommend that the Housing Authority establish a separate payroll account in which a zero balance is maintained until each pay period. Then, transfers should be made from the main operating account as needed for the payroll and payroll taxes.

CORRECTIVE ACTION PLAN

Person Responsible - Executive Director, (985) 652-9036.

Action Planned - We will consider opening a payroll bank account in the future.

OBSERVATION 03-3: OVERDRAWN BANK ACCOUNTS

We observed the following bank accounts were overdrawn at September 30, 2003.

	<u>Amount</u>	<u>Account No.</u>
Capital Fund	\$3,478	2080093031
Section 8	\$1,874	2080093023

RECOMMENDATION

We recommend that bank reconciliations be reviewed regularly by the Executive Director to prevent overdrawn account balances. Management's review of the bank statements and reconciliations will ensure that unusual items are investigated on a timely basis. Also, the

Housing Authority may need to consider arranging for an automatic overdraft line of credit at the bank to cover checks written and to avoid having checks returned for insufficient funds.

CORRECTIVE ACTION PLAN

Person Responsible - Executive Director, (985) 652-9036.

Action Planned - We concur with the observation and recommendation. This procedure will be implemented immediately.

OBSERVATION 03-4: TENANT SECURITY DEPOSITS

We observed that tenant security deposits were not maintained in a separate trust account.

RECOMMENDATION

We recommend that the Housing Authority maintain a separate trust account in the name of the project for any tenant security deposits collected. The balance in this account must at all times equal or exceed the balance in the tenant security deposit liability account.

CORRECTIVE ACTION PLAN

Person Responsible - Executive Director, (985) 652-9036.

Action Planned - We concur with the observation and recommendation and have established a separate interest-bearing bank account for tenant security deposits. The recommendation is implemented.

OBSERVATION 03-5: TRAVEL REIMBURSEMENTS

One travel reimbursement was paid without supporting documentation for an employee's training course on April 11, 2003 for \$45.00.

RECOMMENDATION

We recommend that the Executive Director verify the amounts paid by the employee before reimbursement. The Executive Director should also review the reimbursements periodically to ensure that it is adequately documented.

CORRECTIVE ACTION PLAN

Person Responsible - Executive Director, (985) 652-9036.

Action Planned - We concur with the observation and recommendation. The Executive Director will review travel reimbursements periodically to ensure that adequate documentation is maintained before reimbursement. This procedure will be implemented immediately.

OBSERVATION 03-6: RECONCILIATION OF ACCOUNTS

We observed that the fee accountant's workpapers did not agree to the Housing Authority's subsidiary ledgers or general ledger balances as of September 30, 2003.

RECOMMENDATION

We recommend the Housing Authority adopt a policy requiring monthly reconciliation of all balance sheet accounts to the fee accountant's trial balances by the month-end in order to ensure the accuracy of monthly financial statements and trial balances.

CORRECTIVE ACTION PLAN

Person Responsible - Executive Director, (985) 652-9036.

Action Planned - We concur with the observation and recommendation. This procedure will be implemented immediately.

OBSERVATION 03-7: INCOMPLETE WORK ORDERS FOR PUBLIC HOUSING

HUD measures housing agencies' management performance through the management operations indicators using the Public Housing Assessment System (PHAS) (24 CFR part 902.43). The PHAS system is based on four indicators: (1) the physical condition the PHA's public housing properties; (2) the PHA's financial condition; (3) the PHA's management operations (measured by *Management Operations Certification*, HUD Form 500072); and (4) resident's assessment (measured through a resident survey) of the PHA's performance.

We observed the PHAS report and noted that the sub-indicator for Work orders were completed; however, when performing testing on the Uniform Physical Condition Standard inspections we noted that work orders were not properly documented. We could not determine if work orders were of an emergency or non-emergency indicator. We noted one (1) out of the twenty (20) tenant files had the exact deficiencies on the work order for March 14, 2003 and on the work order from the prior year on April 16, 2002. Both work orders had the same starting and completion times of the work performed. In addition, we noted that six (6) out of the twenty (20) tenant files tested did not have signed work orders by the tenant or the employee indicating that the work performed was completed.

RECOMMENDATION

We recommend that the Executive Director thoroughly review work orders to accurately report to HUD the performance of the Housing Authority when completing the PHAS report. In addition, the inspections of the work orders are used to determine the short term maintenance as well as long term modernization needs, and to ensure that any emergency situation is immediately addressed. This system assists HUD in: (a) assisting housing agencies and holding them accountable for providing safe and decent housing and (b) protecting the Federal investment in their properties.

CORRECTIVE ACTION PLAN

Person Responsible - Executive Director, (985) 652-9036.

Action Planned - We concur with the observation and recommendation. This procedure will be implemented immediately.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
STATUS OF PRIOR YEAR'S RECOMMENDATIONS
September 30, 2002

Inventory	Improvements noted. There are no current year recommendations.
Travel Reimbursements	Corrective action is in progress. See Observation 5 in the Observations, Recommendations, and Corrective Action Plan.
Payroll Registers	Improvements noted. There are no current year recommendations.
Check Registers	Improvements noted. There are no current year recommendations.
Tenant Security Deposits	Corrective action is in progress. See Observation 4 in the Observations, Recommendations, and Corrective Action Plan.
Rental Registers	Corrective action is in progress. See Observation 1 in the Observations, Recommendations, and Corrective Action Plan.