

**Boarding Authority of the City
of New Iberia
New Iberia, Louisiana**

**Annual Financial Report
As of and for the Year Ended March 31, 1939**

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

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**Boarding Authority of the City of New Iberia
New Iberia, Louisiana**

**Annual Financial Report
As of and for the Year Ended March 31, 2009**

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Bleeding Authority of the City of New Iberia
New Iberia, Louisiana

Annual Financial Report
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of New Orleans
New Orleans, Louisiana

We have audited the accompanying general-purpose financial statements of the Housing Authority of the City of New Orleans, Louisiana, as-of and for the year-ended March 31, 1999, as listed in the foregoing table of contents. These general-purpose financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits in Governmental Accounting Standards issued by the Committee of Sponsoring Organizations of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 11 to the financial statements, four lawsuits have been filed against the Housing Authority. These lawsuits are being handled by the Housing Authority's insurance company. The ultimate outcome cannot presently be determined and no provision for any liability that may result has been made in the general-purpose financial statements.

In our opinion, except for the effects, if any, as might have been determined to be necessary had we been able to determine the outcome of the lawsuits filed, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as-of March 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The Housing Authority has not presented the disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1. Disclosures about Year 2000 Issues, as mandated by Governmental Accounting Standards Board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not for a part of, the basic financial statements. In addition, we do not provide assurance that the Housing Authority is or will become year 2000 compliant, that the Housing Authority's year 2000 remediation efforts will be successful in whole or in part or that parties with which the Housing Authority does business are or will become year 2000 compliant.

Board of Commissioners
Housing Authority of the City of New Orleans
New Orleans, Louisiana

In accordance with Government Auditing Standards, we have also issued our report dated July 14, 1999, 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.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Also, the accompanying other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Housing Authority. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Metairie, Louisiana
July 14, 1999

HOUSING AUTHORITY OF THE CITY OF NEWBERN
New Bern, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
Continued Balance Sheet
March 31, 1999

	-----"GOVERNMENTAL FUNDS"-----		
	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS
ASSETS AND OTHER DEBITS			
Assets			
Cash and cash equivalents	\$ 87,794	\$ 2,896	\$ 0
Investments, at cost	208,138	0	0
Receivables	7,082	4,218	0
Intelfund receivable	4,218	0	0
Prepaid items	87,347	0	0
Land, buildings, and equipment	0	0	0
Other debits			
Amount to be provided for retirement of general long-term obligations	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 405,687	\$ 6,912	\$ 0
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts, salaries and other payables	\$ 1,917	\$ 0	\$ 0
Intelfund payable	0	4,218	0
Deferred revenue	0	2,686	0
Deposits due others	0	0	0
Compensated absences payable	0	0	0
Notes payable	0	0	0
Total liabilities	\$ 1,917	\$ 6,912	\$ 0
Equity and Other Credits			
Investment in general fixed assets	\$ 0	\$ 0	\$ 0
Fund balances:			
Reserved for prepaid items	87,347	0	0
Unreserved and unexpended	318,340	0	0
Total equity and other credits	\$ 405,347	\$ 0	\$ 0
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 405,687	\$ 6,912	\$ 0

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

Statement A

FUNDARY FUNDS- AGENCY FUND	*****ACCOUNT GROUPS*****			TOTAL (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS		
\$ 18,000	\$ 0	\$ 0	\$ 0	108,400
0	0	0	0	268,130
0	0	0	0	11,268
0	0	0	0	47,547
0	8,720,770	0	0	8,720,770
0	0	2,808,120	2,808,120	
<u>\$ 18,000</u>	<u>\$ 8,720,770</u>	<u>\$ 2,808,120</u>	<u>\$ 0</u>	<u>11,735,488</u>
\$ 0	\$ 0	\$ 0	\$ 0	1,217
0	0	0	0	4,216
0	0	0	0	2,698
18,000	0	0	0	95,080
0	0	14,807	14,807	
0		2,201,888	2,201,888	
<u>\$ 18,000</u>	<u>\$ 0</u>	<u>\$ 2,808,120</u>	<u>\$ 2,032,340</u>	
0	8,720,770	0	0	8,720,770
0	0	0	0	47,547
0	0	0	0	267,823
<u>0</u>	<u>8,720,770</u>	<u>0</u>	<u>0</u>	<u>9,136,140</u>
<u>\$ 18,000</u>	<u>\$ 8,720,770</u>	<u>\$ 2,808,120</u>	<u>\$ 11,735,488</u>	

**HOUSING AUTHORITY OF THE CITY OF NEW BEREA
New Orleans, Louisiana**

**ALL GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended March 31, 1988**

Statement 11

	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES				
Local sources:				
Dwelling rental	\$ 363,207	\$ 0	\$ 0	\$ 363,207
Interest earnings	10,368	0	0	10,368
Office	26,268	0	0	26,268
Federal sources:				
Operating subsidy	347,350	0	0	347,350
Grants	0	220,238	1,800	221,638
Total revenues	\$ 745,094	\$ 220,238	\$ 1,800	\$ 967,132
EXPENDITURES				
Current:				
Administration	\$ 138,280	\$ 707,484	\$ 0	\$ 845,764
Utilities	211,868	0	0	211,868
Tenant services	731	0	0	731
Ordinary maintenance	149,046	0	0	149,046
Nonrevenue maintenance	2,900	0	0	2,900
Protective services	23,489	20,779	0	44,268
General expenditures	137,387	0	0	137,387
Facilities acquisition and construction	8,292	0	1,800	7,492
Total expenditures	\$ 658,173	\$ 728,263	\$ 1,800	\$ 1,388,236
Excess (Deficiency) of Revenues Over Expenditures:	\$ 88,921	(4,025)	0	\$ 84,896
FUND BALANCES AT BEGINNING OF YEAR:	340,448	4,831	0	345,279
FUND BALANCES AT END OF YEAR	\$ 429,369	\$ 0	\$ 0	\$ 429,369

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

HOUSING AUTHORITY OF THE CITY OF NEWBERN
New Bern, Louisiana

GOVERNMENTAL FUNDS - GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended March 31, 1999

Statement C

	*****GENERAL FUND*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Dwelling rental	\$ 207,750	\$ 202,207	\$ 5,543
Interest earnings	12,848	15,380	(2,532)
Other	22,800	28,298	5,498
Federal sources:			
Operating subsidy	247,250	247,250	0
Total revenues	\$ 710,750	\$ 745,098	\$ 34,348
EXPENDITURES			
Current:			
Administration	\$ 157,800	\$ 156,280	\$ 15,520
Utilities	220,200	211,980	8,220
Tenant services	3,800	730	3,070
Ordinary maintenance	104,800	148,880	(44,080)
Minor/major maintenance	4,200	2,500	1,700
Protection services	25,800	22,440	3,360
General expenditures	124,700	127,387	(2,687)
Facilities acquisition and construction	18,200	8,200	10,000
Total expenditures	\$ 732,400	\$ 688,177	\$ 44,223
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (21,650)	\$ 56,921	\$ 78,571
FUND BALANCES AT BEGINNING OF YEAR	208,448	218,442	0
FUND BALANCES AT END OF YEAR	\$ 186,798	\$ 275,363	\$ 88,565

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

**Board of Authority of the City of New Iberia
New Iberia, Louisiana**

**Notes to the General Purpose Financial Statements
As of and for the Year Ended March 31, 1998**

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Housing Authority of the City of New Iberia
New Iberia, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended March 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general-purpose financial statements of the Housing Authority of the City of New Iberia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. BASIS OF PRESENTATION

Housing Authorities are chartered as a public corporation under the laws (LSA-R.S. 40:291) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in each city. The Housing Authority is governed by a five-member Board of Commissioners. The members, appointed by the Honorable Mayor of the city of New Iberia, serve a staggered term of five years.

Under the United States Housing Act of 1937, as amended, the U. S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-cost housing programs in the United States. Accordingly, HUD has entered into an annual cost-allocation contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining the low-cost character.

The Housing Authority had 308 units in management at projects LA 25 1001.

Project	Contract Number	Number of Units
PHA owned housing	FW 1264	308

B. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and financially independent, the Housing Authority is a separate governmental reporting entity.

The Housing Authority is a related organization of the city of New Iberia since the city of New Iberia appoints a voting majority of the Housing Authority's governing board. The city of New Iberia is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefits to, or impose financial burdens on, the city of New Iberia. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the city of New Iberia.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Notes to the General Purpose Financial Statements
As of and for the Year Ended March 31, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY (Continued)

The Housing Authority includes all funds, account groups, activities, et cetera, that are within the oversight responsibility of the Housing Authority.

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

C. FUNDS AND ACCOUNT GROUPS

The accounts of the Housing Authority are organized and operated on the basis of funds and account groups. A fund is an independent fund 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. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Funds of the Housing Authority are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds — Governmental funds account for all or most of the Housing Authority's general activities, including the collection and disbursement of specific or legally restricted revenues, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General fund — the primary operating fund of the Housing Authority. It accounts for all financial resources, except those required to be accounted for in other funds. The general fund includes a provision of the low cost housing assistance programs.

Special revenue funds — account for revenues sources that are legally restricted to expenditures for specified purposes. Special revenue funds contain transactions of the Drug Elimination Family Investment Center, and Alcohol and Substance Abuse programs administered by the Housing Authority.

Capital projects funds — account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds. Capital projects funds contain transactions relating to active modernization and development programs. The Housing Authority's capital project fund is as follows:

Housing Authority of the City of New Orleans
New Orleans, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended March 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. FUNDS AND ACCOUNT GROUPS (Continued)

Capital projects funds (Continued)

PROJECT LA 27-966

Project LA 27-966 is a federal HUD funded "Comprehensive Improvement Assistance Program" for modernizing project LA 27 - H3.

Fiduciary Funds — Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Housing Authority.

Agency funds — Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. The agency fund is as follows:

Treasury security deposits agency fund — accounts for assets held by the Housing Authority as an agent for the individual issuer.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after period-end. Expenditures are recorded when the related fund liability is incurred, except for unamortized interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Federal reimbursements are recorded as unrestricted grants received when available and measurable. Federal restricted grants are recorded when the reimbursable expenditures have been incurred.

Rental income is recorded in the month earned.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended March 31, 1989**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

II. MEASUREMENT BASIS AND BASIS OF ACCOUNTING (Continued)

Revenues (Continued)

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest income on interest-bearing demand deposits is recorded each month when credited by the bank to the account.

Operating subsidies received from HUD are recorded when available and measurable.

Other receipts become measurable and available when cash is received by the Housing Authority and are recognized as revenue at that time.

Expenditures

Salaries are recorded as expenditures when incurred.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are purchased.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt payments, or interest) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds

The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the Housing Authority holds for others in an agency capacity.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Notes to the General Purpose Financial Statements
As of and for the Year Ended March 31, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETS

General Budget Policies

The following summarizes the budget activities of the Housing Authority during the year ended March 31, 1999:

The Housing Authority adopted budgets for the general fund, the special revenue funds and the capital project funds. The special revenue and capital project funds budget or actual comparisons have not been included since the special revenue and capital projects are multiple-year endeavors.

The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.

Fiscal budget integration (within the accounting records) is employed as a management control device.

The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

HUD approves the original budget adopted by the Housing Authority. Any budget amendments approved by the Board do not have to be approved by HUD since the Housing Authority is a high-performance agency under the FIRMAP rules.

F. ENCUMBRANCES

Encumbrances are not recognized within the accounting records for budgetary control purposes.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

G. CASH AND CASH EQUIVALENTS

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

Housing Authority of the City of New Orleans
New Orleans, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended March 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CASH AND CASH EQUIVALENTS (Continued)

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at the lower of market or cost.

H. INVESTMENTS

Investments are limited by R.S. 30:2055 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are reported/premium as per GAAP Statement No. 21:

Investments in nonparticipating interest-bearing contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments participating interest-bearing investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

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

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

I. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

J. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended March 31, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domains or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's lives are not included in the general fixed asset account group.

L. COMPENSATED ABSENCES

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

The Housing Authority's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- A. The employees' right to receive compensation is attributable to services already rendered.
- B. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 35 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Notes to the General Purpose Financial Statements
As of and for the Year Ended March 31, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED AGENCIES (Continued)

Only the current portion of the liability for compensated agencies is reported in the fund. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability is reported in the general long-term obligations account group.

M. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

N. FUND EQUITY

Reserves

Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

O. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Manufacturing or construction plant and facilities of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. DEFERRED REVENUES

The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenues is removed from the combined balance sheet and the revenue is recognized.

Housing Authority of the City of New Iberia
New Iberia, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended March 31, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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 statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

R. TOTAL COLUMNS - MEMORANDUM ONLY

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flow in conformity with generally accepted accounting principles. Neither is such data responsible to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

At March 31, 1999, the Housing Authority has cash, cash equivalents, and investments totaling \$368,538 as follows:

Cash on hand	\$ 358
Demand deposits	11,671
Interest-bearing demand deposits	66,379
Time deposits	<u>289,128</u>
Total	<u>\$368,538</u>
Cash and cash equivalents	\$ 93,400
Cash and cash equivalents - restricted investments	18,000
Total	<u>\$368,538</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At March 31, 1999, the Housing Authority's carrying amount of deposits was \$368,538 and the bank balance was \$389,962. Of the bank balance, \$315,072 was covered by federal depository insurance (FDABR Category 1). The remaining \$64,890 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (FDABR Category 2).

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended March 31, 1998**

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Even though the pledged securities are considered unencumbered (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 19:1219 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

Investments during the year were solely in time deposits at banks.

NOTE 3 - RECEIVABLES

The receivables of \$11,298 at March 31, 1998, are as follows:

Class of Receivables	General Fund	Special Revenue Funds	Total
Local sources:			
Taxes	\$1,892	\$ -	\$ 1,892
Other	-	-	-
Federal sources:			
Grants	-	4,316	4,316
Total	\$1,892	\$4,316	\$11,298

NOTE 4 - FIXED ASSETS

The changes in general fund assets are as follows:

	Balance April 1, 1998	Additions	Transfers	Balance March 31, 1999
Land and buildings	\$3,999,150	\$ -	\$ -	\$3,999,150
Furniture and equipment	918,008	6,349	-	924,357
Construction in progress	95,643	1,608	-	97,251
Total	\$5,012,801	\$7,957	\$ -	\$5,128,759

NOTE 5 - RETIREMENT SYSTEM

The Housing Authority participates in the Housing Personnel and Local Agency Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, other regional agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan from the first anniversary date of the employment.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Notes to the General Purpose Financial Statements
As of and for the Year Ended March 31, 1999**

NOTE 3 - RETIREMENT SYSTEM (Continued)

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5.5 percent of his effective compensation. The employer is required to make monthly contributions equal to 7.5 percent of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended March 31, 1999, was \$167,053. The Housing Authority's contributions were calculated using the base salary amount of \$120,818. The Housing Authority made the required contributions of \$16,705 for the year ended March 31, 1999, of which \$9,683 was paid by the Housing Authority and \$7,022 was paid by employees. No payments were made out of the forfeiture account.

NOTE 4 - ACCOUNTS PAYABLES

The payables of \$1,307 at March 31, 1999, are as follows:

	<u>General Fund</u>
Payroll withholdings	<u>\$1,307</u>

NOTE 7 - COMPENSATED ABSENCES

At March 31, 1999, employees of the Housing Authority have accumulated and vested \$14,323 of employee leave benefits, which was computed in accordance with GASB Codification Section 604. This amount is not expected to be paid from current available resources; therefore the liability of \$14,323 is recorded within the general long-term obligations account group.

NOTE 8 - CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

	<u>Balance April 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 1999</u>
Agency funds:				
Trustee Security Deposit	<u>\$15,000</u>	<u>26,000</u>	<u>26,613</u>	<u>\$14,387</u>

**Housing Authority of the City of New Orleans
New Orleans, Louisiana**

**Notes to the General Purpose Financial Statements
As of and for the Year Ended March 31, 1999**

NOTE 9 - GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended March 31, 1999:

	<u>Interest Payable Long-Term (A)</u>	<u>Compressed Amortization</u>	<u>Notes and Bonds (B)</u>	<u>Total</u>
Balance, April 1, 1998	\$493,296	\$11,879	\$2,152,342	\$2,687,618
Additions	-	5,881	-	5,881
Deductions	-	2,379	-	2,379
Balance, March 31, 1999	<u>\$493,296</u>	<u>\$14,532</u>	<u>\$2,152,342</u>	<u>\$2,686,170</u>

(A) Project notes - non HUD, and the related interest are obligations due HUD. The Debt Forgiveness Act of 1993 forgave their rates. Portions of the project notes and the related interest were officially assumed by HUD in prior years. The timing of the official assumption of the remaining notes and interest is unknown. The Housing Authority has not accrued interest on project notes - non HUD since HUD will eventually forgive the principal and interest amounts. Due to the uncertainty of the outcome of these notes, a schedule of maturities is not presented for the project notes - non HUD.

NOTE 10 - INTERFUND ASSETS/LIABILITIES

Due from/to other funds:

<u>Fund</u>	<u>Receivable Account</u>	<u>Payable Account</u>
General	\$4,216	\$ -
Special revenue funds	-	-
<i>Alcohol and substitute taxes</i>	-	4,216
Total	<u>\$4,216</u>	<u>\$4,216</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

One major construction project is in progress at March 31, 1999. This includes modernizing rental units at all of the three projects. As approved by HUD, this project is being funded by HUD. Funds are requested periodically as the cost is incurred. Cost incurred on this project and estimated cost to complete this project totaled \$97,343 and \$402,777, respectively, as of March 31, 1999.

The Housing Authority filed a legal claim against the contractor on the construction project described above. The claim asserted that the contractor failed to perform certain work as specified in the construction contract. The Housing Authority received \$85,000 in settlement of this claim in June 1999.

Four claims have been filed against the Housing Authority by former and current employees. These claims have been submitted to the insurance company. One of the claims has been assigned to an attorney and the other three have not been assigned. The ultimate outcome cannot presently be determined. No provision for any liability that may result has been made in the financial statements.

Housing Authority of the City of New Orleans
New Orleans, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended March 31, 1999

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

The Housing Authority participates in a number of federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133 through March 31, 1999, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 12 - FUND EQUITY

Reservations of fund balances represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

The reservation of fund balances in the general fund is for prepaid insurance.

SUPPLEMENTAL INFORMATION

**Housing Authority of the City of New Orleans
New Orleans, Louisiana**

SPECIAL REVENUE FUNDS

SPECIAL PROGRAMS

DRUG ELIMINATION

(Public and Indian Housing Drug Elimination Program, CFDA #14J54)

The purposes of the Public Housing Drug Elimination Program are to: (1) eliminate drug-related crime in and around the real property comprising public housing projects; (2) encourage Public Housing Agencies (PHAs) and Indian Housing Authorities (IHAs) to develop a plan that includes initiatives that can be sustained over a period of several years for addressing the problem of drug-related crime in and around the premises of the Public and Indian housing projects proposed for funding under this part, and; (3) make available federal grants to help PHAs and IHAs carry out their plans.

Grant funds may be used for the following activities designed to reduce drug-related crime: (1) employment of security personnel; (2) reinforcement of local law enforcement agencies for additional security and protective services; (3) physical improvements designed to enhance security; (4) the employment of one or more individuals to investigate drug-related crime; (5) training, communications equipment, and other related equipment; (6) programs designed to reduce use of drugs in and around Public and Indian housing projects, including drug prevention, intervention, referral, and treatment programs, and; (7) providing funding to develop security and drug abuse prevention programs involving site residents.

FAMILY INVESTMENT CENTERS

(Public and Indian Housing Family Investment Centers Program – CFDA #54.061)

The Family Investment Program is designed to provide families living in public and Indian housing with better access to educational and employment opportunities by: developing facilities in or near public housing for training and support services; mobilizing public and private resources to expand and improve the delivery of such services; providing funding for essential training and support services that cannot otherwise be funded; and improving the capacity of management to assess the training and service needs of families, coordinate the provision of training and services that meet such needs, and ensure the long-term provision of such training and services.

ALCOHOL AND SUBSTANCE ABUSE

(Habit Counts for Prevention and Treatment of Substance Abuse – CFDA #93.999)

The purpose of the Alcohol and Substance Abuse Program is to provide financial assistance to support projects for the development and implementation of prevention, treatment and/or rehabilitation activities directed to the disease of alcohol and drug abuse.

HOUSING AUTHORITY OF THE CITY OF NEW ORLEANS
 New Orleans, Louisiana

SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 March 31, 1999

Exhibit 1

	DRUG ILLUMINATION	FAMILY INVESTMENT CENTER	ALCOHOL AND SUBSTANCE ABUSE	TOTAL
ASSETS				
Cash and cash equivalents	\$ 204	\$ 2,492	\$ 0	\$ 2,696
Receivables	0	0	4,218	4,218
TOTAL ASSETS	\$ 204	\$ 2,492	\$ 4,218	\$ 6,912
LIABILITIES AND FUND EQUITY				
Liabilities				
Interfund payable	\$ 0	\$ 0	4,218	4,218
Deferred revenue	204	2,492	0	2,696
Total liabilities	\$ 204	\$ 2,492	\$ 4,218	\$ 6,912
Fund equity				
Fund balances:				
Unassigned and undesignated	0	0	0	0
Total equity	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL LIABILITIES AND FUND EQUITY	\$ 204	\$ 2,492	\$ 4,218	\$ 6,912

HOUSING AUTHORITY OF THE CITY OF NEW ORLEANS
New Orleans, Louisiana

SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended March 31, 1998

Exhibit 2

	DRUG ELIMINATION	FAMILY INVESTMENT CENTER	ALCOHOL AND SUBSTANCE ABUSE	TOTAL
REVENUES				
Federal sources:				
Grants	\$ 4,086	\$ 180,003	\$ 89,307	\$ 273,396
Total revenues	\$ 4,086	\$ 180,003	\$ 89,307	\$ 273,396
EXPENDITURES				
Current:				
Administration	\$ 0	\$ 189,194	\$ 38,248	\$ 227,442
Protective services	4,086	910	80,697	85,713
Total expenditures	\$ 4,086	\$ 190,104	\$ 118,945	\$ 313,135
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 0	\$ (10,101)	\$ 0	\$ (10,101)
FUND BALANCES AT BEGINNING OF YEAR	0	4,001	0	4,001
FUND BALANCES AT END OF YEAR	\$ 0	\$ (6,100)	\$ 0	\$ (6,100)

**Housing Authority of the City of New Orleans
New Orleans, Louisiana**

AGENCY FUNDS

TENANT'S SECURITY DEPOSITS AGENCY FUND

The activities of the various tenant security deposits accounts are accounted for in the tenants' security deposits agency fund. While the accounts are under the supervision of the Housing Authority, they belong to the tenants and are not available for use by the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF NEWBERLE
 New Berle, Louisiana

EXHIBIT 3

TEENANTS SECURITY DEPOSITS AGENCY FUND
 Schedule of Changes in Deposits Due Officers
 For the Year Ended March 31, 1999

PROJECT	Balance, Beginning	Additions	Deductions	Balance, Ending
LA 2T - 1	\$ 5,080	\$ 3,340	\$ 2,470	\$ 5,950
LA 2T - 2	7,440	2,375	1,480	8,335
LA 2T - 3	<u>2,480</u>	<u>1,080</u>	<u>730</u>	<u>2,830</u>
	<u>\$ 15,000</u>	<u>\$ 6,805</u>	<u>\$ 4,680</u>	<u>\$ 17,125</u>

Housing Authority of the City of New Iberia
New Iberia, Louisiana

Exhibit 4

GENERAL
FOR THE YEAR ENDED MARCH 31, 1999

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

The members of the Board of Commissioners serve without compensation.

Mrs. Shonda L. Jones, Chairperson

Mr. Thomas L. Jolivet, Vice-Chairperson

Mrs. Jennie G. Foreman

Mr. Edith G. George

Mrs. Rita M. Williams

HOUSING AUTHORITY OF THE CITY OF NEW ORLEANS
 New Orleans, Louisiana

Exhibit 5

**ANALYSIS OF SURPLUS -
 STATUTORY BASIS**
 For the Year Ended March 31, 1999

FHA OWNED HOUSING (ACC FW 1204)

UNRESERVED SURPLUS	
BALANCE PER PRIOR AUDIT	\$ 14,089,872
Correction of previous audit balance	<u>26,217</u>
BALANCE PER BOOKS, BEGINNING	\$ 14,096,089
Net Loss	(258,199)
(Provision for) reduction of operating reserve	<u>(117,628)</u>
BALANCE, ENDING	\$ 13,720,262
OPERATING RESERVE	
BALANCE, BEGINNING	\$ 280,100
Provision for (reduction of) operating reserve	<u>147,828</u>
BALANCE, ENDING	\$ 427,928
CUMULATIVE HUD CONTRIBUTION	
BALANCE, BEGINNING	\$ 7,471,491
Drug Elimination	4,000
Family Investment Center	158,033
Operating Subsidy	<u>347,290</u>
BALANCE, ENDING	\$ 7,976,774
CUMULATIVE HUD GRANTS	
BALANCE, BEGINNING	\$ 2,873,248
Competitive Improvement Assistance Grant	<u>1,808</u>
BALANCE, ENDING	\$ 2,875,056
CUMULATIVE DONATIONS	
BALANCE, BEGINNING	\$ 300
Donations	<u>0</u>
BALANCE, ENDING	\$ 300
TOTAL SURPLUS	\$ 18,923,087

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The first report following this page is a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. The section of the report on compliance is based solely on the audit of the general-purpose financial statements and presents, where applicable, compliance matters that would be material to the general-purpose financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.

**OTHER REPORT REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR NO. A-121**

The second report following this page contains information on the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular No. A-121. The section of the report on compliance is related to tests of compliance with laws, regulations, contracts and grants relating to federal awards programs. The section of the report on internal control over compliance is, likewise, related to matters that would be significant and/or material to federal awards programs.

ALLEN, GREEN & COMPANY, LLP

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Greenville, SC 29602

The Green, CPA

Marie Attwood, CPA

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

Board of Commissioners
Housing Authority of the City of New Iberia
New Iberia, Louisiana

We have audited the financial statements of the Housing Authority of the City of New Iberia, as of and for the year ended March 31, 1999, and have issued our report thereon dated July 14, 1999. Our report was qualified because the effect on the financial statements of two lawsuits filed could not be precisely determined. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of major misstatements, we performed tests of the 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 these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 99-F1 and 99-F2.

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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter as described in the accompanying Schedule of Findings and Questioned Costs as item 99-F3 involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Board of Commissioners
Housing Authority of the City of New Orleans
New Orleans, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. One manifestation of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Management Letter Items

We, however, 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 July 14, 1999, included later in this report in the section titled Management Letter Items.

This report is intended solely for the information and use of the Board, management, federal funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Metairie, Louisiana
July 14, 1999

ALLEN, GREEN & COMPANY, LLP

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Chief Accounting
Accounting Corp.
The Green, CPA

Major Williams, CPA



Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With (OMB Circular No. A-133)

Board of Commissioners

Housing Authority of the City of New Iberia

New Iberia, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of New Iberia, New Iberia, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 1999. The Housing Authority's major federal programs are identified in the summary of auditors' 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 generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular No. A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular No. 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 on the Housing Authority's compliance with those requirements.

In our opinion, 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 March 31, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular No. A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 99-F1, 99-F6, 99-F7 and 99-F8.

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 internal control over compliance in accordance with OMB Circular No. A-133.

Board of Commissioners
Housing Authority of the City of New Bern
New Bern, Louisiana

We would 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. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 99-14, and 99-23.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we believe none of the reportable conditions described above are a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the Housing Authority, as of and for the year ended March 31, 1999, and have issued our report thereon dated July 16, 1999. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular No. A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
July 16, 1999

HOUSING AUTHORITY OF THE CITY OF NEW ORLEANS
 New Orleans, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended March 31, 1999

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR / PROGRAM NAME	CFDA NUMBER	GRANT ID #	PROGRAM EXPENDITURES
U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT			
DIRECT PROGRAMS:			
Public and Indian Housing			
Operating Subsidy (1)	14.850	PW 1294	\$ 347,210
Drug Elimination Program	14.854	PW 1294	4,800
Comprehensive Improvement Assistance Programs	14.852	PW 1294	1,800
Family Investment Centers Program	14.801	PW 1294	<u>158,033</u>
TOTAL U.S. DEPT OF HOUSING AND URBAN DEVELOPMENT			\$ 511,843
U.S. DEPT OF HEALTH AND HUMAN SERVICES			
Passed through the State of Louisiana Department of Health and Hospitals			
Block Grants for Prevention and Treatment of Substance Abuse	63.858	60800	<u>\$ 58,267</u>
TOTAL U.S. DEPT OF HEALTH AND HUMAN SERVICES			\$ 58,267
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 570,110

(1) The Housing Authority is indebted to the U. S. Department of Housing & Urban Development, for project
 sales of \$2,162,342 at year end plus accrued interest of \$438,295.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Notes to the Schedule of Expenditures of Federal Awards
As of and for the Year Ended March 31, 1999**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of the Housing Authority of the City of New Iberia, New Iberia, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note 1(C) to the Housing Authority's general-purpose financial statements.

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

	<u>Federal Revenue</u>
General fund	3047,150
Special revenue funds:	
Drug elimination	4,100
Family investment centers	116,033
Nudeled and substance abuse	58,387
Capital project funds	<u>1,680</u>
Total	<u>\$208,090</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported to the related federal financial reports except for changes made to reflect, in part, amounts in accordance with generally accepted accounting principles.

NOTE 5 - MAJOR FEDERAL AWARDS PROGRAMS

The dollar threshold of \$200,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 95-14, "federal awards" do not include Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to federal agents (or holders of Housing Authority bonds or the Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit Act "federal awards expended" threshold is met by the Housing Authority in a fiscal year. 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 the City of New Orleans
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1999

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was qualified.
- ii. There was a reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.

The reportable condition disclosed was not considered a material weakness as defined by the Government Auditing Standards.
- iii. There were instances of non-compliance considered material, as defined by the Government Auditing Standards, in the financial statements.

Audit of Federal Awards

- iv. There were reportable conditions required to be disclosed by OMB Circular No. A-113.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed audit findings which the auditor is required to report under OMB Circular No. A-113, Section .519(a).
- vii. The major federal program is:

CFDAP 14.850 Public and Indian Housing - Low Rent Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-113, Section .500(b) was \$300,000.
- ix. The auditor does not qualify as a low-risk auditor under OMB Circular No. A-113, Section .500.

Housing Authority of the City of New Orleans
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1999

PART III – Findings related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference and title: NPEL Fixed Asset Inventory

Entity-wide or program/department specific: This item is applicable entity-wide.

Criteria or specific requirements: Louisiana Revised Statute 24:515(B) requires auditors to maintain records of fixed assets including certain information as detailed in the statute.

Condition found: The Housing Authority does not maintain an inventory in compliance with LSA-R.S. 24:515(B). Detailed descriptions and identifying numbers such as a tag number or serial number are not maintained.

Proper perspective for judging the precision and completeness: The Housing Authority does have an old list which has not been updated yearly with all additions and deletions. In addition, the old list does not have all of the information required by LSA-R.S. 24:515(B).

Possible asserted effect (cause and effect)

Cause: The Housing Authority was unaware that the old listing did not meet the requirements of the state statute.

Effect: The Housing Authority has not complied with the requirements of LSA-R.S. 24:515(B).

Recommendation to prevent future occurrence: The Housing Authority should develop a listing of all fixed assets in accordance with LSA-R.S. 24:515(B). Policies and procedures should be adopted which will ensure that the listing is maintained in the future.

Housing Authority of the City of New Orleans
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1999

PART II - Findings related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference(s) and title: **BB-23** **Board Minutes**

Entity-wide or program/departmental specific: This comment applies entity-wide.

Criteria or specific requirements: Louisiana Revised Statute 42:7.1 requires that "all public bodies shall keep written minutes of all of their open meetings."

Condition found: The Housing Authority maintained minutes for each month from April 1998 to April 1999. However, minutes for May 1999 and June 1999 were not available. Upon inquiry, it was determined that at least one meeting took place during May and June.

Possible asserted effect (name and effect):

Causes: The Housing Authority placed responsibility for writing the minutes with one employee. The employee left before minutes for the above-mentioned period were completed. The records of the proceedings of any meetings during this period could not be located after the employee left and no other employee had knowledge of the proceedings.

Effects: The Housing Authority did not comply with the provisions of LSA-R.S. 42:7.1 for at least one meeting.

Recommendations to prevent future occurrences: The Housing Authority should develop procedures to ensure that the proceedings of board meetings are available for transcription to board minutes in a timely manner. The procedures should be developed in a manner that is not dependent upon a single employee.

Housing Authority of the City of New Iberia
New Iberia, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1999

PART II - Findings related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference: I and (b): **GAO:** **Inadequate Segregation of Duties**

Entity-wide or program-specific: This program is applicable entity-wide.

Criteria or specific requirements: Good internal control requires adequate segregation of duties with incompatible functions.

Condition found: Due to the small size of the Housing Authority, segregation of duties is not adequate to provide effective internal control. The functions of opening the mail, collecting rent, reconciling the receipts in the rent register, preparing the deposit, making the deposit and check preparation are all performed by two administrative employees with the assistance of the Executive Director.

Proper procedures for judging the prevalence and consequences: The Housing Authority does have some compensating controls for the inadequate segregation of duties. The deposit is prepared and made by an employee not collecting rent on that day as well as reconciled to the daily accounts receivable detail. Receipts from HUD are wire-transferred to the bank account. All checks require two signatures, the Executive Director and a Board member. Reconciling cash receipts and disbursements and preparation of bank reconciliations are performed by the file accountant for the Housing Authority.

Devil's asserted effect, cause and effect:

Cause: The Housing Authority is small in size. It is difficult to maintain adequate segregation without having a larger staff.

Effect: Internal controls could be strengthened by increasing segregation of duties.

Recommendations to prevent future occurrences: It would not be considered fair for the Housing Authority to hire the additional personnel required for adequate segregation of duties.

Housing Authority of the City of New Orleans
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1989

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section 310(a):

Reference Fund/Title: 99-E4 Tenant Files (Continued)

Direct consequences for finding, its procedure and consequences: The Housing Authority operates two hundred units. It has tenant files not selected for testing.

Possible assessed effect (cause and effect):

Cause: The Housing Authority employees were unclear of the importance to document any changes to the information available in the tenant's file and to have all information pertaining to that tenant documented.

Effect: Information which is missing or incorrect in a tenant file may cause the Housing Authority to supply a unit to an ineligible family or charge lower rent than should be charged.

Recommendations to prevent future occurrences: The Housing Authority should require all information be made available before an applicant is approved to move in. In addition, personnel responsible for the completion of tenant files should ensure that all information is contained in the file. Someone independent of the preparation of the file should also review the file for accuracy and completeness.

Housing Authority of the City of New Iberia
New Iberia, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1999

PART III - Findings and question of costs for Federal awards which are required to be reported under COFR Circular No. A-133 Section 548(a):

Reference to and title: 88-F3 Waiting List

Federal program and specific Federal award identification:

CFDA Title: Public and Indian Housing and CFDA #14.820
Federal Award # FW 1264 and Federal Award Year 1998
Federal Agency: Department of Housing and Urban Development

Entity title or program/department specific: This comment applies to the Low-Rent Housing Program.

Cite(s) to specific requirement: 24 CFR Sections 968.284 through 968.287 contain the requirements for a Housing Authority's waiting list. Portions of these requirements dictate that the Housing Authority must document how and when applicants are selected. Also, once an offer of housing is made, an applicant who turns down housing should be taken off the waiting list or moved to the bottom. An applicant who does not respond to the selection letter should be dropped from the list. The Housing Authority adopted a policy of selecting applicants in date order of application received.

Condition found: The Housing Authority is not maintaining proper documentation of waiting list. Through inquiry it was found that applicants who turn down housing are allowed to remain at the top of the list for the next available housing. Applicants who do not respond to selection letters are not being dropped from the list and may be sent a second letter before being dropped from the list. Even a hypothetical sample of ten applicants chosen from the current waiting list, two were placed on the listing incorrectly. One applicant had responded in error and was placed back on the list by their original date of application, putting them at the top of the waiting list. Another had not completed the application and had been placed in the closed file, however, they still remained on the waiting list.

Excerpt applicable to finding, the procedure and consequences: Twenty names were chosen from the current waiting list of sixty-seven applicants, nineteen of applicants were chosen from the list. Happosely chose fifteen more applicants to test placement.

Entity assessed effect (cause and effect):

Cause: Housing Authority employees were unclear regarding the requirement of adequate documentation of the waiting list. Employees were also unclear regarding the circumstances for which an applicant should be dropped from or moved to the bottom of the list. There was also a question of which date to use when a current tenant is placed back on the waiting list for a different unit.

Effect: Without proper documentation of the waiting list, it is not possible to trace the method in which applicants are being placed or dropped from the waiting list. Using incorrect application dates or not dropping an applicant from the listing as should be causes some applicants not to be offered housing as soon as would be otherwise.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1989**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .518(a)

Referred Fund Title: 25-25 FHMAF

Federal program and specific Federal award identification:

CFDA Title: Public and Indian Housing and CFDA #14.858
Federal Award #FW 1264 and Federal Award Year 1989
Federal Agency: Department of Housing and Urban Development

Entity-wide or program/department specific: This item applies to the Low-Rent Housing Program.

Criteria or specific requirement: Public Housing Authorities are required to submit certain information to HUD under the Public Housing Management Assessment Program (PHMAP) in accordance with 24CFR part 901. It is the auditor's responsibility to check the accuracy of the data submitted by the Housing Authority.

Condition found: The following items contained discrepancies which were not adequately explained:

- a. Indicator #1, Component #1, Line i. — The Housing Authority used the number of turnaround days less the exempted vacancy days. Units were vacant at both the beginning and the end of the year which would cause a difference in the number reported.
- b. Indicator #1, Component #1, Line j. — The Housing Authority reported exempted turn around days rather than exempted vacancy days.
- c. Indicator #1, Line c. — The Housing Authority used the general ledger rental revenue account instead of the cash basis rent received.
- d. Indicator #4, Components #1 and #2, Line b. — The Housing Authority understated the number of calendar days to complete both emergency and non-emergency work orders.

Proper perspective for judging the problems and consequences: The Housing Authority reported figures and the figure as calculated by Allen, Green & Company (AGSC) for each item are shown below:

	FHA Reported	AGSC Calculated
Indicator #1, Component #1, Line i.	1993	3,240
Indicator #1, Component #1, Line j.	124	218
Indicator #1, Line c.	\$764,607	\$793,348
Indicator #4, Component #1, Line b.	183	200
Indicator #4, Component #2, Line b.	1,385	2,058

Housing Authority of the City of New Iberia
New Iberia, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1989

PART III - Findings and questioned costs for Federal awards which are required to be reported under COFB Circular No. 8-133 Section 518(c):

Reference # and title: **225E6** **FHMAP (Continued)**

Exhibit asserted, effect, cause and effect:

Cause:

- a. The Housing Authority was unaware that vacancy days are different from turnaround days.
- b. The corrected audit was mailed at the beginning of the year. A portion of the corrected turnaround days were from the prior year.
- c. The Housing Authority was unaware of the need to convert to cash basis.
- d. The Housing Authority used a one-day per work order figure because the average time to complete a work order when looking at all work orders was less than twenty-four hours.

Effect: The above information was reported incorrectly on the FHMAP form submitted for March 31, 1988, and may have affected the Housing Authority's FHMAP score.

Recommendation in personnel instant circumstances: The personnel responsible for preparing the FHMAP form should ensure that they are familiar with the requirements. All information should be reviewed by a second person prior to submitting to HUD.

Housing Authority of the City of New Iberia
New Iberia, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1999

PART III - Findings and questioned costs for Federal awards which are required to be reported under OMB Circular No. A-133 Section 518(c):

Reference and title: 85-87 Performance Funding System (PFS)

Federal program and specific Federal award identification:

CFDA Title: Public and Indian Housing and CFDA #14A150
Federal Award # FV 1264 and Federal Award Year 1999
Federal Agency: Department of Housing and Urban Development

Entity-wide or program/department specific: This item applies to the Low-Rent Housing Program.

Criteria or specific requirement: In accordance with 24 CFR part 960, Housing Authorities submit the Performance Funding System (PFS) form from 90 to 150 days before the beginning of a Housing Authority's fiscal year to determine the operating subsidy for the Housing Authority. Revisions are required for certain information at the conclusion of the fiscal year. The auditor has the responsibility of verifying certain information on the form.

Condition found: The Housing Authority could not provide an explanation for the information on Line 2B of the form. Line 2B contains information for income derived from excess utility charges and other income.

Proper perspective for judging the prevalence and consequences: The Housing Authority reported figures were \$75,804 for excess utilities and \$6,000 for other income. Excess utility income for fiscal year 1998 and 1999 totaled approximately \$33,800 and \$36,800, respectively. Other income for fiscal years 1998 and 1999 totaled approximately \$14,000 and \$26,000, respectively.

Possible asserted effect (cause and effect):

Cause: The Housing Authority appears not to have updated these estimates in the last two to three years.

Effect: Income appears to have been understated which could increase the operating subsidy received by the Housing Authority.

Recommendation to prevent future occurrences: A better method of estimating the income on the PFS form should be developed and utilized.

Housing Authority of the City of New Iberia
New Iberia, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1999

PART III - Findings and questioned costs for Federal awards which are required to be reported under OMB Circular No. A-133 Section 318(a)

Reference and title **FFIS** **Travel**

Federal program and specific Federal award identification:

CFDA Title: Public and Indian Housing and CPDA #04.850
Federal Award # FW 1264 and Federal Award Year 1999
Federal Agency: Department of Housing and Urban Development

Entity-wide or program/department specific: This issue applies to the Low-Rent Housing Program.

Criteria or specific requirement: Office of Management and Budget (OMB) Circular No. A-87, "Cost Principles for State, Local, and Indian Tribal Governments" provides guidance on the allowability of costs charged to federal awards. Attachment A, Section C covers the Basic Guidelines for Determining Allowability. Two of these basic guidelines covered require charges to be "necessary and reasonable for proper and efficient performance and administration of federal awards" and to be "adequately documented."

Condition found: The Housing Authority has several charges for travel which possibly violate those two provisions. Instances which fall under each category are discussed below:

Necessary and reasonable

1. The Housing Authority's Board adopted a new policy concerning per diem in November 1998. A \$65 per day per diem was established for meals. The Louisiana Office of State Travel has a maximum meal per diem of \$29 in high cost areas such as New Orleans and \$37 in high cost areas such as New York City. The federal per diem for meals range from \$18 for low cost areas to \$42 for high cost areas per day.
2. Meals was paid to two different employees when only the two employees were attending the conference and could have traveled together.
3. In some instances it appears that per diem for meals was claimed when meals were provided at a seminar/conference. In other cases, a full day of per diem was claimed even though the travel required was not beyond the normal working day.

Adequately documented

Numerous instances exist where adequate documentation was not available. Items missing include detailed agendas for conferences/seminars, receipts where applicable, dated receipts (rather than summary receipts), original receipts rather than copies, airline boarding passes, and documentation reconciling travel advisors.

Housing Authority of the City of New Orleans
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended March 31, 1999

PART III: Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .818(a)

Reference # and title **TYPE** **Travel (Continued)**

Identification of questioned costs and how they were computed: Although an exact amount of questioned cost could not be determined due to the lack of documentation, a significant portion of travel charges for the year are considered questioned costs.

Factors pertinent for judging the pervasiveness and consequences: The total amount charged to travel was \$19,943. The problems surrounding these charges seem pervasive and systemic.

Possibly asserted effort, issues and effects:

Causes: Lack of understanding and effort to ensure all costs charged to travel are allowable.

Effects: Many of the cost could be unallowable under OMB Circular No. A-87.

Recommendations to prevent future occurrences: The Board's travel policy should be revised so that all charges authorized by the policy are reasonable. The Executive Director or a Board member should familiarize themselves with the provisions of OMB Circular No. A-87 and ensure that all employees understand the proper procedures and documentation necessary to comply with the circular.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

Other Information

The information in this section concerns management's actions or intentions concerning prior- and current-year audit findings and is required by U. S. Office of Management and Budget (OMB) Circular No. A-115. This information has been prepared by the management of the Housing Authority of the City of New Iberia. Management accepts full responsibility, as required by OMB Circular No. A-115, for the accuracy of the information. We have not audited this information except as required by OMB Circular A-115 Section 506(c), and accordingly, no opinion is expressed. Section 506(c) requires the auditor to follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee, and report, as a current-year audit finding when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding.

**Bleeding Authority of the City of New Iberia
New Iberia, Louisiana**

**Summary Schedule of Prior Audit Findings
March 31, 1999**

Reference and title **79-81** **Fixed Asset Inventory**

Initially occurred: Fiscal year ended March 31, 1998.

Condition: The Bleeding Authority does not maintain an inventory in compliance with LSA-R.S. 30:113(1).

Corrective action planned: We have a manual list of items but they haven't been transferred to computer. We are working on that now.

Reference and title **79-82** **Inadequate Segregation of Duties**

Initially occurred: Fiscal year ended March 31, 1996.

Condition: Due to the small size of the Bleeding Authority, segregation of duties is not adequate to provide effective internal control. The functions of opening the mail, collecting rent, recording the receipt in the rent register, preparing the deposit, making the deposit and check preparation are all performed by two administrative employees with the assistance of the Executive Director.

Corrective action planned: The Executive Director makes all bank deposits and checks rental receipts.

**Housing Authority of the City of New Orleans
New Orleans, Louisiana**

**Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended March 31, 1999**

Finding reference # and title	TYPE	Fixed Assets
		Condition: The Housing Authority does not maintain an inventory in compliance with LSA - R.S. 24:515(D).
		Corrective action planned: The Housing Authority has a new manual list of fixed assets created in fiscal year 1998. However, because the Executive Director was on administrative leave, the new manual fixed asset list was unavailable. Conditions are being placed back in order since the Executive Director is back to work. The computer software company has finished the fixed assets programming, and it is working properly.
		Person responsible for corrective action: Mr. Elton J. Brummond, Jr., Executive Director Housing Authority of the City of New Orleans 325 North Street New Orleans, LA 70008 Telephone: (504) 364-6315 Fax: (518) 364-6817
		Anticipated completion date: The Housing Authority will be in compliance with LSA - R.S. 24:515(D) by January 2000.

Finding reference # and title	TYPE	Board Minutes
		Condition: The Housing Authority provided minutes for each month from April 1998 to April 1999. However, minutes for May 1999 and June 1999 were not available. Upon inquiry, it was determined that at least one meeting took place during May and June.
		Corrective action planned: The Executive Director was on administrative leave from June 3, 1999 to August 18, 1999. Minutes could not be located for May 18, 1999 and June 3, 1999 board meetings. Board meeting minutes are to be transcribed within ten days after the meeting and be properly filed in the board minutes book and saved on computer disk.
		Person responsible for corrective action: Mr. Elton J. Brummond, Jr., Executive Director Housing Authority of the City of New Orleans 325 North Street New Orleans, LA 70008 Telephone: (518) 364-6315 Fax: (504) 364-6977
		Anticipated completion date: Immediately.

**Housing Authority of the City of New Orleans
New Orleans, Louisiana**

**Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended March 31, 1999**

Finding reference # and title: 29-03 Segregation of Duties

Condition: Due to the small size of the Housing Authority, segregation of duties is not adequate to provide effective internal control. The functions of opening the mail, collecting rent, recording the receipt in the rent register, preparing the deposit, making the deposit and check preparation are all performed by two administrative employees with the assistance of the Executive Director.

Corrective action planned: The Executive Director makes all deposits daily. The daily deposit account receipts are reconciled by the Clerk Chief I and the Executive Director and filed daily in a binder. It is again reconciled at the end of the month by the Executive Director and later by the Housing Authority's fee accountant.

Person responsible for corrective action:

Mr. Elton J. Beaumont, Jr., Executive Director
Housing Authority of the City of New Orleans
325 North Street
New Orleans, LA 70140

Telephone: (514) 364-6019
Fax: (514) 364-6017

Anticipated completion date: By March 31, 1999.

Finding reference # and title: 29-04 Tenant Files

Condition: The following exceptions were noted in a haphazard selecting of 85 files from tenant files tested:

- One had no verification of income.
- One verification of income did not agree to income used.
- Two income verifications in file not used in rent calculation.
- One income was averaged incorrectly in calculation of rent.
- One did not verify status of full-time student over the age of 18.
- One medical insurance expense deduction not verified by a third party.
- Three had no verification of date of birth for one or more residents.
- One social security number on 30058 was incorrect.
- One date of birth on 30058 was incorrect.
- One unit inspection indicated repairs to be made and did not indicate it was ever rechecked or if repairs were made.
- One unit size was not appropriate for family size, five family members in a two-bedroom apartment.
- One two of the three adults in household had not signed the HHD form 8866.

Housing Authority of the City of New Orleans
New Orleans, Louisiana

Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended March 31, 1999

Finding reference and title: 25-01

Tenant Files (Continued)

Corrective action planned: The Housing Authority had two employees who no longer work in the administrative office that took off over 450 + working hours for one reason or another. The Housing Authority has caused a tenant file audit sheet that whenever comes in and fills in for employees on leave can follow. Also, with the addition of a new Deputy Director, that person will follow up to see if tenant selection workers are fulfilling their duties.

Person responsible for corrective action:

Mr. Elton J. Beaussant, Jr., Executive Director
Housing Authority of the City of New Orleans
325 North Street
New Orleans, LA 70002

Telephone: (510) 354-5515
Fax: (510) 354-6937

Anticipated completion date: By March 31, 2000.

Finding reference and title: 25-02

Waiting List

Condition: The Housing Authority is not maintaining proper documentation of waiting list. Through inquiry it was found that applicants who fell down housing fee allowed to remain at the top of the list for the next available housing. Applicants who do not respond to selection letters are not being dropped from the list and may be sent a second letter before being dropped from the list. A sample of ten applicants chosen from the current waiting list, two were placed on the listing incorrectly. One applicant had requested to move and was placed back on the list by their original date of application, putting them at the top of the waiting list. Another had not completed the application and had been placed in the closed file, however, they still remained on the waiting list.

Corrective action planned: The Executive Director is back at the Housing Authority. Former employees knew their duties, however, did not perform their duties because the Executive Director was on administrative leave. The Executive Director and the new employees are examining and auditing the waiting list and are making the proper corrections.

Person responsible for corrective action:

Mr. Elton J. Beaussant, Jr., Executive Director
Housing Authority of the City of New Orleans
325 North Street
New Orleans, LA 70002

Telephone: (510) 354-5515
Fax: (510) 354-6937

Anticipated completion date: This project will be completed by November 30, 1999.

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended March 31, 1999**

Finding reference and title	99-05	FINDING
Condition: The following items contained discrepancies which were not adequately explained:		
a.	Indicator #1, Component #1, Line f.	— The Housing Authority used the number of turnaround days less the exempted vacancy days. Units were vacant at both the beginning and the end of the year which would cause a difference in the number reported.
b.	Indicator #1, Component #1, Line j.	— The Housing Authority reported exempted turn around days rather than exempted vacancy days.
c.	Indicator #3, Line s.	— The Housing Authority used the general ledger rentable room account instead of the cash basis room received.
d.	Indicator #4, Component #1 and #1, Line b.	— The Housing Authority undercounted the number of outside days to complete both emergency and non-emergency work orders.

Corrective action planned: The Housing Authority will get with the auditors for further instruction.

Person responsible for corrective action:

Mr. Elton J. Droussard, Jr., Executive Director Housing Authority of the City of New Iberia 325 North Street New Iberia, LA 70560	Telephone: (337) 364-6813 Fax: (318) 364-6817
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Anticipated completion date: By March 31, 2000.

Finding reference and title	99-05	Performance Funding System (PFS)
Condition: The Housing Authority could not provide an explanation for the information on Line 28 of the form. Line 28 contains information for income derived from excess utility charges and other income.		
Corrective action planned: The Housing Authority shall get with the fee accountant (Miller & Associates) to make corrections.		
Person responsible for corrective action:		
Mr. Elton J. Droussard, Jr., Executive Director Housing Authority of the City of New Iberia 325 North Street New Iberia, LA 70560	Telephone: (337) 364-5213 Fax: (318) 364-6817	
Anticipated completion date: By December 31, 1999.		

**Housing Authority of the City of New Iberia
New Iberia, Louisiana**

**Corrective Action Plan for Current-Year Findings and Questioned Costs
As of and for the Year Ended March 31, 1999**

Finding reference and title: **FC-19** **Travel**

Condition: Office of Management and Budget (OMB) Circular No. A-87, "Cost Principles for State, Local, and Indian Tribal Governments" provides guidance on the allowability of costs charged to federal awards. Attachment A, Section C covers the Basic Guidelines for Determining Allowability. Two of these basic guidelines covered require charges to be "necessary and reasonable for proper and efficient performance and administration of federal awards" and to be "adequately documented." The Housing Authority has several charges for travel and other miscellaneous charges which possibly violate these two provisions. Matters which fall under each category are discussed below:

Necessary and reasonable

1. The Housing Authority's Board adopted a new policy concerning per diem in November 1998. A \$60 per day per diem was established for meals. The Louisiana Office of State Travel has a maximum meal per diem of \$29 in high cost areas such as New Orleans and \$17 in high cost areas such as New York City. The federal per diem for meals range from \$48 for low cost areas to \$42 for high cost areas per day.
2. Mileage was paid to two different employees when only the two employees were attending the conference and could have traveled together.
3. In some instances it appears that per diem for meals was claimed when meals were provided at a conference/innings. In other cases, a full day of per diem was claimed even though the travel required was not beyond the normal working day.

Adequately documented

Numerous instances exist where adequate documentation was not available. Items missing include detailed agendas for conferences/conferences, receipts where applicable, detailed receipts on-line thru summary receipts, original receipts rather than copies, airline boarding passes, and documentation recording travel advances.

Corrective action planned:

1. The Housing Authority of New Iberia shall revise its travel policy to meet state and federal guidelines.
2. Employees going to conferences or training will be required to ride together or if not riding together share mileage reimbursement.
3. The Executive Director will see that all receipts are detailed and submit detailed documentation such as airline boarding passes.

Person responsible for corrective action:

Mr. Elton J. Brummond, Jr., Executive Director
Housing Authority of the City of New Iberia
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New Iberia, LA 70560

Telephone: (337) 466-6013
Fax: (337) 464-6037

Anticipated completion date: By March 31, 2000.

**Housing Authority of the City of New Orleans
New Orleans, Louisiana**

Management Letter Items

ALLEN, GREEN & COMPANY, LLP

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THOMAS L. Allen, CPA
in Professional
Accounting (10/07)

Tim Green, CPA

Margie Williams, CPA

Management Letter

Board of Commissioners
Housing Authority of the City of New Orleans
New Orleans, Louisiana

In planning and performing our audit of the financial statements of Housing Authority of the City of New Orleans for the year ended March 31, 1999, we considered the Housing Authority's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated July 14, 1999, on the financial statements of Housing Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Item 1: Applicants Dropped from Waiting List

Entity-wide or program/department specific: This item applies to the Low-Rent Housing Program.

Criteria or specific requirement: Any applicants dropped from the waiting list should have reasons, reasons, etc., documented before applicant is dropped from the list.

Condition found: Two applicants were dropped from the list with a note declaring "poor housekeeping." Neither applicant had ever lived in public housing and it is unclear where this information came from.

Proper perspective for judging the prevalence and consequences: Of twenty-three applicants tested who were closed off the waiting list, two were taken off for questionable reasons.

Possible asserted effect (cause and effect): Applicants being taken off the list without proper documentation could result in applicants being taken off the list for unacceptable reasons.

Recommendation to prevent future occurrences: Proper documentation should be required for any applicant to be taken off the waiting list.

Management's response: The Housing Authority will document all comments from the previous audits and ask them to put something in writing so as to have documentation.

Board of Commissioners
Housing Authority of the City of New Orleans
New Orleans, Louisiana

WH-02 Credits to Accounts Receivable

Entity-wide or program/department/specific: This item applies to the Low-Rent Housing Program.

Criteria or specific requirements: Good internal control dictates that credits to accounts receivable should be reviewed and approved by a supervisor. Documentation of the approval should be maintained.

Condition found: The Housing Authority typically grants credits to tenant receivables each month. Upon inquiry, the Housing Authority stated that the Executive Director is responsible for reviewing and approving such of the credits. Testing of this assertion indicated that either reviews are not always made, or that documentation of the reviews is not maintained.

Impact perspective for judging the pervasiveness and consequences: Our review indicated that there are only three to five credits granted each month.

Financial control effect, cause, and effect:

Cause: Lack of emphasis on proper documentation exists concerning credits to tenant accounts receivable.

Effect: Internal controls are weakened by not having proper review and authorization, including documentation.

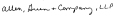
Recommendation to prevent future occurrences: The Housing Authority should develop and implement procedures and policies requiring review of all credits to tenant receivables by either the Executive Director or the Assistant Executive Director.

Management's response: The Executive Director will review all account receivables and sign-off on documents if credit is given.

Also included immediately following this letter is a Status of Prior Management Letter Items. This information has not been audited by Allen, Green & Company, LLP, and no opinion is expressed. However, we did follow-up on prior management letter items and performed procedures to assess the reasonableness of the Status of Prior Management Letter Items prepared by the auditee, and we would report, as a current year management letter item when Allen, Green & Company, LLP, concludes that the Status of Prior Management Letter Items materially misrepresents the status of any prior management letter item.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be used or relied upon by anyone other than those specified parties.


ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
July 14, 1999

Housing Authority of the City of New Orleans
New Orleans, Louisiana

Status of Prior Management Letter Items
For the Year Ended March 31, 1999

Management letter item 28-211 Authorization for Closing Account

Comment: The Housing Authority closed the RHDSP checking account during the fiscal year ended March 31, 1998. No authorization was found in the Board minutes.

Corrective action taken: It was our understanding that this account was never closed. We thought the account would not close even though there was no money in the account. The bank closed the account. Since that time we have opened a new account and a resolution was passed to do that.