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SECRETARY

HOUSING AUTHORITY OF THE CITY OF KENNER

KENNER, LOUISIANA

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

Release Date

~~GENERAL PURPOSE FINANCIAL STATEMENTS AND~~  
**INDEPENDENT AUDITORS REPORTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 1998**  
**WITH SUPPLEMENTAL INFORMATION SCHEDULES**

WILLIAM DANIEL MCCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION

415 MAGNOLIA LANE  
MANDEVILLE, LOUISIANA 70471

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

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE CITY OF KENNER  
KENNER, LOUISIANA 70065

I have audited the accompanying general purpose financial statements of the Housing Authority of The City of Kenner (PHA) as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

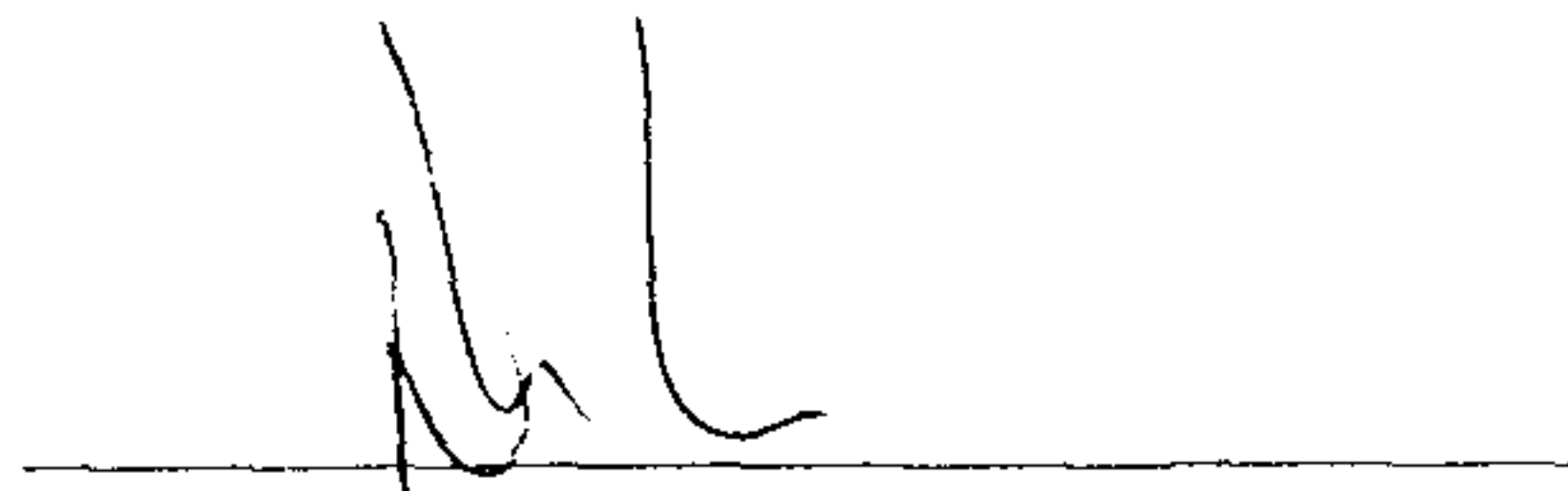
I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of The City of Kenner as of June 30, 1998, and the results of its operations and changes in its surplus for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated November 23, 1998 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts and grants.

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

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

A handwritten signature in black ink, appearing to read 'W. McCaskill', is written over a horizontal line.

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

November 23, 1998



EXHIBIT A

Housing Authority of the City of Kenner  
 Kenner, LA 70065  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 COMBINED BALANCE SHEET AS OF JUNE 30, 1998

ASSETS AND OTHER DEBITS	*****GOVERNMENTAL FUNDS*****					*****ACCOUNT GROUPS*****			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Fiduciary Funds-- Agency Funds	General Fixed Assets	Long Term Obligations	General (Memorandum Only)	Total
Cash and Cash Equivalents	1,291,554.18	0.00	343.77	0.00	17,357.50	0.00	0.00	1,309,255.45	
Receivables	11,641.52	0.00	102,760.44	0.00	0.00	0.00	0.00	114,401.96	
Interfund Receivables	32,205.87	0.00	0.00	0.00	0.00	0.00	0.00	32,205.87	
Prepaid Insurance	51,343.05	0.00	0.00	0.00	0.00	0.00	0.00	51,343.05	
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Land, Structures & Equipment	0.00	0.00	0.00	0.00	0.00	7,253,577.31	0.00	7,253,577.31	
Other Debits:									
Amount Available in Debt Service Funds	0.00	0.00	0.00	0.00	0.00	0.00	343.77	343.77	
Amount to be Provided for Retirement of General Long Term Obligations	0.00	0.00	0.00	0.00	0.00	0.00	496,097.78	496,097.78	
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$1,386,744.62</b>	<b>\$0.00</b>	<b>\$103,104.21</b>	<b>\$0.00</b>	<b>\$17,357.50</b>	<b>\$7,253,577.31</b>	<b>\$496,441.55</b>	<b>\$9,257,225.19</b>	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>									
Liabilities:									
Accounts Payable	129,303.50	0.00	0.00	0.00	0.00	0.00	0.00	129,303.50	
Interfund Payables	0.00	0.00	0.00	32,205.87	0.00	0.00	0.00	32,205.87	
Deposits Due Others	0.00	0.00	0.00	0.00	17,357.50	0.00	0.00	17,357.50	
Deferred Revenues	0.00	0.00	102,760.44	0.00	0.00	0.00	0.00	102,760.44	
Compensated Absences Payable	0.00	0.00	0.00	0.00	0.00	0.00	28,988.00	28,988.00	
Notes & Bonds Payable	0.00	0.00	0.00	0.00	0.00	0.00	467,453.55	467,453.55	
Total Liabilities	\$129,303.50	\$0.00	\$102,760.44	\$32,205.87	\$17,357.50	\$0.00	\$496,441.55	778,068.86	
Equity & Other Credits									
Investment in General Fixed Assets	0.00	0.00	0.00	0.00	0.00	7,253,577.31	0.00	7,253,577.31	
Fund Balances:									
Reserved for Other	0.00	0.00	0.00	(32,205.87)	0.00	0.00	0.00	(32,205.87)	
Reserved for Debt Payment	0.00	0.00	343.77	0.00	0.00	0.00	0.00	343.77	
Unreserved & Undesignated	1,257,441.12	0.00	0.00	0.00	0.00	0.00	0.00	1,257,441.12	
Total Equity & Other Credits	\$1,257,441.12	\$0.00	\$343.77	(\$32,205.87)	\$0.00	\$7,253,577.31	\$0.00	\$8,479,156.33	
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$1,386,744.62</b>	<b>\$0.00</b>	<b>\$103,104.21</b>	<b>\$0.00</b>	<b>\$17,357.50</b>	<b>\$7,253,577.31</b>	<b>\$496,441.55</b>	<b>\$9,257,225.19</b>	

see notes to financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 1998

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total (Memorandum Only)
<b>REVENUES</b>					
Local Sources:					
Dwelling Rental	144,457.04	0.00	0.00	0.00	144,457.04
Interest Charges	2,232.74	21,041.30	0.00	0.00	23,274.04
Receipts from the Sale of Equipment					
Other	15,981.22	0.00	0.00	0.00	15,981.22
Federal Sources:					
Operating Subsidy	164,414.00				164,414.00
Annual Contributions		1,974,808.01	102,760.44	0.00	2,077,568.45
Grants				307,418.50	307,418.50
Total Revenues	327,085.00	1,995,849.31	102,760.44	307,418.50	2,733,113.25
<b>EXPENDITURES</b>					
Current:					
Administration	32,618.31	263,837.10	0.00	0.00	296,455.41
Utilities	44,607.65	0.00	0.00	0.00	44,607.65
Ordinary Maintenance & Operations	94,517.47	0.00	0.00	0.00	94,517.47
Protective Services	0.00	0.00	0.00	0.00	0.00
General Expenditures	50,473.79	0.00	0.00	0.00	50,473.79
Nonroutine Maintenance	60,877.36	0.00	0.00	0.00	60,877.36
Housing Assistance Payments		1,740,910.01	0.00	0.00	1,740,910.01
Facilities Acquisition & Construction	32,122.00	0.00	0.00	365,049.86	397,171.86
Prior Year Affecting Residual Receipts	9,230.36				
Debt Service:					
Principal Retirement			77,711.96		77,711.96
Interest & Bank Charges			25,664.90		25,664.90
Total Expenditures	324,446.94	2,004,747.11	103,376.86	365,049.86	2,788,390.41
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,638.06	(8,897.80)	(616.42)	(57,631.36)	(55,277.16)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In		0.00			0.00
Operating Transfers Out		0.00			0.00
Total Other Financing Sources (Uses)	0.00	0.00	0.00	0.00	0.00
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXP. AND OTHER USES</b>	2,638.06	(8,897.80)	(616.42)	(57,631.36)	(55,277.16)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	443,493.57	820,207.59	960.19	25,425.49	1,290,086.84
<b>FUND BALANCES AT END OF YEAR</b>	446,131.63	811,309.79	343.77	(32,205.87)	1,234,809.68

=====  
see notes to financial statements  
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COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--BUDGET VS. ACTUAL  
GENERAL FUND FOR THE YEAR ENDED JUNE 30, 1998

	*****GENERAL FUND*****			*****SPECIAL REVENUE FUND*****		
	Budget	Actual	Favorable Variance	Budget	Actual	Favorable Variance
<b>REVENUES</b>						
Local Sources:						
Dwelling Rental	137,220.00	144,457.04	7,237.04	0.00	0.00	0.00
Interest Charges	10,350.00	2,232.74	(8,117.26)	0.00	21,041.30	21,041.30
Receipts from the Sale of Equipment						
Other	11,230.00	15,981.22	4,751.22	0.00	0.00	0.00
Federal Sources:						
Operating Subsidy	164,414.00	164,414.00	0.00	0.00	0.00	0.00
Annual Contributions				2,048,632.00	1,974,808.01	(73,823.99)
Grants						
Total Revenues	323,214.00	327,085.00	3,871.00	2,048,632.00	1,995,849.31	(52,782.69)
<b>EXPENDITURES</b>						
Current:						
Administration	35,750.00	32,618.31	3,131.69	228,269.00	263,837.10	(35,568.10)
Utilities	49,370.00	44,607.65	4,762.35	0.00	0.00	0.00
Ordinary Maintenance & Operations	104,210.00	94,517.47	9,692.53	0.00	0.00	0.00
Tenant Services	1,000.00	0.00	1,000.00	0.00	0.00	0.00
General Expenditures	62,690.00	50,473.79	12,216.21	0.00	0.00	0.00
Nonroutine Maintenance	113,620.00	60,877.36	52,742.64	0.00	0.00	0.00
Housing Assistance Payments						
Facilities Acquisition & Construction	34,130.00	32,122.00	2,008.00	1,810,467.00	1,740,910.01	69,556.99
Prior Year Affecting Residual Receipts	0.00	9,230.36		0.00	0.00	0.00
Debt Service:						
Principal Retirement						
Interest & Bank Charges						
Total Expenditures	400,770.00	324,446.94	85,553.42	2,038,736.00	2,004,747.11	33,988.89
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(77,556.00)	2,638.06	89,424.42	9,896.00	(8,897.80)	(18,793.80)
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfers In						
Operating Transfers Out						
Total Other Financing Sources (Uses)	0.00	0.00	0.00	0.00	0.00	0.00
<b>NET EXCESS (DEFICIENCY) OF REVENUES</b>	(77,556.00)	2,638.06	89,424.42	9,896.00	(8,897.80)	(18,793.80)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	443,493.57	443,493.57	0.00	820,207.59	820,207.59	0.00
<b>FUND BALANCES AT END OF YEAR</b>	365,937.57	446,131.63	89,424.42	830,103.59	811,309.79	(18,793.80)

see notes to financial statements



**THE HOUSING AUTHORITY OF THE CITY OF KENNER**  
**KENNER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

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

The PHA has the following programs under management:

	ACC Number	Number of Units
PHA Owned Housing	FW-2167	126
Section 8	FW-2064	
	Vouchers	210
	Certificates	367

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the PHA have been prepared in conformity with GAAP as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

GASB Statement Number 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the PHA is legally separate and fiscally independent by being solely accountable for fiscal matters, including (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, (3) fiscal management for controlling the collection and disbursement of funds, (4) authority to issue debt,

The PHA is a separate governmental reporting entity. The PHA includes all funds, account groups, activities that are within the oversight responsibility of the PHA.

Certain units of local government over which the PHA exercised no oversight responsibility, such as the school boards, 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 entities and issue financial statements separate from those of the PHA.

### C. FUND ACCOUNTING

The PHA uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net spendable financial resources.

Funds of the PHA are classified into three 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 PHA's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of construction of general fixed assets, and the servicing of general long term debt. Governmental funds include:

1. General Fund--the general operating fund of the PHA accounts for all financial resources, except those required to be accounted for in other funds. This PHA chooses to include the Section 8 Program activities in the General Fund balance sheet as opposed to a Special Revenue Fund. This may be a departure from GAAP.
2. Debt Service Fund--accounts for transactions relating to resources retained and used for the payment of principal and interest on those long term obligations recorded in the general long term obligations account group.
3. 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.

Fiduciary Funds--Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the PHA. Fiduciary funds include:

1. Tenant Security Deposits--accounts for assets held by the PHA as an agent for the individual residents. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### **D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. 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 modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues--Federal entitlements are recorded as unrestricted grants-in-aid when available and measurable. Federal restricted grants are recorded when the reimbursable expenditures have been incurred.

Rental income is recorded in the month earned.

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.

Substantially all other revenues are recorded when they become available to the PHA.

Expenditures--Salaries are recorded as expenditures when paid.

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.

Principal and interest on general long term debt are recognized when due.

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 proceeds, and the like) are accounted for as other financing sources (uses). These other financing sources are recognized at the time the underlying events occur.

Deferred Revenues--The PHA reports deferred revenue on its combined balance sheet. Deferred revenues arise when resources are received by the PHA 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 PHA has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

## **E. BUDGETS**

The following summarizes the budget activities of the PHA during the fiscal year:

1. The PHA adopted budgets for the General Fund, the Special Revenue Fund and the Capital Projects Funds. The Capital Projects Funds budget comparison to actual has not been included since the cash project is a multiple year endeavor.
2. The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.
3. Encumbrances are not recognized within the accounting records for budgetary purposes.
4. Formal budget integration (within the accounting records) is employed as a management control device.
5. 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. However, when actual revenues within a fund fail to meet budgeted revenues by 5% or more, a budget amendment is adopted by the PHA in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

## **F. ENCUMBRANCES**

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 cash with fiscal agents. Under state law, the PHA 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.

#### **H. 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.

#### **I. INVENTORY**

All purchased inventory items are valued at the lower of cost (first in, first out) or market. Purchased inventories are offset by a fund balance reserve which indicates that these do not constitute "available spendable resources", even though they are a component of total assets. Acquisition of materials and supplies are accounted for on the purchase method, that is, the expenditure is charged when the items are purchased.

#### **J. 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 domain 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.

#### **K. COMPENSATED ABSENCES**

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

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the governmental funds 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. Leave benefits are based on accrued leave benefits or employees with 10 years service to a maximum of 25 days at their current annual salary.

#### **L. 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.

#### **M. FUND EQUITY**

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

#### **N. INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

#### **O. TOTAL COLUMNS ON COMBINED STATEMENTS**

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 financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 -- CASH AND CASH EQUIVALENTS**

At June 30, 1998, the PHA has cash and cash equivalents totaling \$1,352,356.46 as follows:

Non Interest Bearing Demand Deposits	\$793,565.69
Time Deposits	558,397.00
Petty Cash	50.00
Cash With Fiscal Agent	343.77
Total	\$1,352,356.46

These deposits are stated at cost, which approximates market. 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 June 30, 1998, the PHA has \$1,352,356.46 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$1,000,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the PHA that the fiscal agent has failed to pay deposited funds on demand.

**NOTE 3--RECEIVABLES**

The receivables of \$114,401.96 at June 30, 1998 are as follows:

Local Sources:	
Tenants	5,771.02
Other	5,870.50
Federal Sources:	
Due From HUD	102,760.44
Total	114,401.96

#### NOTE 4--FIXED ASSETS

The changes in general fixed assets are as follows:

Land, Structures and Equipment	
Balance 6-30-97	4,261,509.12
Net Additions	32,346.92
Balance 6-30-98	4,293,631.12
MOD 904 Balance 6-30-97 & 6-30-98	258,338.00
MOD 905 Balance 6-30-97	269,756.01
Net Additions	30,243.99
Balance 9-30-98	300,000.00
Development LA 48-PO12-006	
Balance 6-30-97	2,023,508.00
Net Additions	36,346.92
Balance 6-30-98	2,059,854.92
Nonexendable Equipment Balance 6-30-97	25,356.76
Net Additions	2,099.64
Balance 6-30-98	27,456.40
Voucher Control Account	
Balance 6-30-97 & 6-30-98	13,500.00
Development LA 12-7	
Net Additions & Balance 6-30-98	298,458.95
Total General Fixed Assets	7,253,517.85

Fixed assets are mortgaged to HUD pursuant to the Annual Contributions Contract as collateral for obligations owed to the US Government. The building cost includes \$59.46 of ineligible expenditures as determined by HUD.



#### **NOTE 5--RETIREMENT SYSTEM**

The PHA participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. Through this plan, the PHA provides pension benefits for all of its full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular and full time employees are eligible to participate in the plan on the first day of the month after completing 6 months of continuous an uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 6% of each participant's basic compensation. The PHA's contribution for each employee and income allocated to the employee's account are fully vested after 5 years of continuous service. The PHA's contributions and interest forfeited by employees who leave employment before 5 years of service are used to offset future contributions of the PHA.

The PHA's total payroll for fiscal year ended June 30, 1998 was \$230,132.27. The PHA's contributions were calculated using the base salary amount of \$230,132.27. Both the PHA and the covered employees made the required contributions for the year ended June 30, 1998. Employee contributions to the plan totaled \$13,807.93. The PHA contributions totaled \$18,410.58 for the year ended June 30, 1998.

#### **NOTE 6--ACCOUNTS PAYABLE**

The payables of \$129,303.50 at June 30, 1998 are as follows:

HUD Payable	\$108,377.39
Payroll Payables	3,743.76
Other	3,230.00
Unidentified	13,952.35
Total	129,303.50

**NOTE 7--COMPENSATED ABSENCES**

At June 30, 1998, employees of the PHA have accumulated and vested \$28,988.00 employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is not expected to be paid from current available resources; therefore the liability is recorded within general long term obligations account group.

**NOTE 8--CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS**

Tenant Security Deposits	
Balance 6-30-97	13,780.50
Net Additions	3,577.00
Balance 6-30-98	17,357.50

**NOTE 9--CHANGES IN GENERAL LONG TERM OBLIGATIONS**

The following is a summary of the long term obligation transactions of the year ended June 30, 1998:

Compensated Absences	
Balance 6-30-97	26,385.00
Net Additions	2,603.00
Balance 6-30-98	28,988.00
Permanent Notes--HUD	
Balance 6-30-97	170,757.95
Net Deletions	170,757.95
Balance 6-30-98	0.00
Permanent Notes--FFB	
Balance 6-30-97	114,515.51
Net Deletions	20,074.46
Balance 6-30-98	94,441.05
New Agency Bonds Original Issue	870,000.00
Retirements @ 6-30-97	439,350.00
Retirements During the Year	57,637.50
Balance 6-30-98	496,987.50
Total Long Term Debt	620,416.55

(A) Project Notes-Non HUD are obligations due HUD. The Debt Forgiveness Act of 1985 forgave these notes. PHA's that executed a revised ACC in 1995 have accomplished the debt forgiveness. The PHA has not accrued interest on Project Notes-Non HUD.

All principal and interest requirements are funded in accordance with Federal law by the annual contributions from the US Department of HUD. At June 30, 1998, the PHA has accumulated \$103,104.21 in the debt service funds for future debt requirements. The amount and dates of future debt retirements is not available.

**NOTE 10--INTERFUND ASSETS/LIABILITIES**

Interfund receivables/payables at June 30, 1998 is as follows:

	Due From	Due To
General Fund		32,205.87
Capital Project Funds	32,205.87	

**NOTE 11-COMMITMENTS AND CONTINGENCIES**

There are certain major construction projects at June 30, 1998. As approved by HUD these projects are being funded by HUD. Funds are requested periodically as the cost is incurred. Costs incurred on these projects and estimated cost to complete these projects totaled \$365,049.86 and \$218,860.14 as of June 30, 1998.

The PHA participates in a number of state and federally assisted grant programs. Although the current grant programs have been audited in accordance with the Single Audit Act of 1996 through June 30, 1998, these programs are still subject to compliance audits. PHA management believes that the amount of disallowances, is nay, which may arise from future audits will not be material.

**NOTE 12-UNCONFIRMED ACCOUNTS**

I could not confirm the following accounts:

Account Number	Description	Balance
1125	AR HUD	11,067.00
1128	Deposits Over/Under	5,870.50
1177	Deposits With HUD	72,519.24
2118	HUD Payable	108,377.39

It is also noted that the fee accountant coded \$36,346.92 of Capital Expenditures to Development Project LA48P012006 which is a closed program. These costs must be recoded to another program or charged to the Operating Budget. Since it is unclear at this time which approach to take, no adjustment has been made to the general ledger.



COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 1998

REVENUES	CERTIFICATES FW-2064	VOUCHERS FW-2064	TOTAL
Local Sources:			
Dwelling Rental			
Interest Charges	16,949.57	4,091.73	21,041.30
Receipts from the Sale of Equipment			
Other			
Federal Sources:			
Operating Subsidy	1,382,876.20	591,931.81	1,974,808.01
Annual Contributions			
Grants			
Total Revenues	1,399,825.77	596,023.54	1,995,849.31
<hr/>			
EXPENDITURES			
Current:			
Administration	172,586.85	91,250.25	263,837.10
Utilities			
Ordinary Maintenance & Operations			
Protective Services			
General Expenditures			
Nonroutine Maintenance			
Housing Assistance Payments	1,221,985.20	518,924.81	1,740,910.01
Facilities Acquisition & Construction			
Debt Service:			
Principal Retirement			
Interest & Bank Charges			
Total Expenditures	1,394,572.05	610,175.06	2,004,747.11
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,253.72	(14,151.52)	(8,897.80)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In			
Operating Transfers Out			
Total Other Financing Sources (Uses)	0.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXP. AND OTHER USES	5,253.72	(14,151.52)	(8,897.80)
FUND BALANCES AT BEGINNING OF YEAR	682,346.57	137,861.02	820,207.59
FUND BALANCES AT END OF YEAR	687,600.29	123,709.50	811,309.79

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see notes to financial statements

Housing Authority of the City of Kenner  
 Kenner, LA 70065

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 1998

	DEVELOPMENT LA P012-006	PROJECT MOD 905-95	DEVELOPMENT LA P012-007	TOTAL
<b>REVENUES</b>				
Local Sources				
Federal Sources--Grants	0.00	4,818.50	302,600.00	307,418.50
Total Revenues	0.00	4,818.50	302,600.00	307,418.50
<b>EXPENDITURES</b>				
Current:				
Administrative				
General Expenses				
Facilities Acquisition and Construction	36,346.92	30,243.99	298,458.95	365,049.86
Total Expenditures	36,346.92	30,243.99	298,458.95	365,049.86
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(36,346.92)	(25,425.49)	4,141.05	(57,631.36)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	0.00	25,425.49	0.00	25,425.49
<b>FUND BALANCE AT END OF YEAR</b>	(36,346.92)	0.00	4,141.05	(32,205.87)

===== see notes to financial statements =====

Housing Authority of the City of Kenner  
 City of Kenner, Louisiana  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended June 30, 1998

SCHEDULE III

FEDERAL AGENCY:	CFDA NO.	Federal Award Expenditures
U S Department of Housing and Urban Development Direct Programs:		
Low Income Housing:		
Operating Subsidy		164,414.00
Leased		
Development		298,458.95
Total Low Income Housing	14.850	462,872.95
Section 8 Cluster:		
Vouchers	14.855	91,250.25
Certificates	14.857	172,586.85
Moderate Rehabilitation	14.856	
New Construction	14.182	
Substantial Rehabilitation	14.182	
Total Section 8 Cluster		263,837.10
Comprehensive Grants	14.859	
CIAP	14.852	30,243.99
Public Housing Drug Elimination Program:		
PHDEP		
Youth Sports		
Total PHDEP	14.854	
Shelter + Care	14.238	
HOPE	14.858	
HOME	14.239	
Child Care Food Program (USDA)	10.558	
 TOTAL FEDERAL EXPENDITURES		 756,954.04 =====

NOTE: This schedule of expenditures of federal awards is prepared on the HUD regulatory basis of accounting, which is an other comprehensive basis of accounting.

see notes to financial statements

Housing Authority of the City of Kenner  
Kenner, LA 70065  
BALANCE SHEET--STATUTORY BASIS  
Annual Contributions Contracts FW-2064 & FW-2167  
June 30, 1998

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SCHEDULE IV

ASSETS

Cash	750,514.68
Investments	558,397.00
Accounts Receivable	22,708.52
Debt Amortization Funds	175,623.45
Deferred Charges	51,343.05
Land, Structures and Equipment	7,253,517.85

TOTAL ASSETS	8,812,104.55
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LIABILITIES AND SURPLUS

LIABILITIES:

Accounts Payable	129,478.65
Notes Payable	0.00
Accrued Liabilities	0.00
Deferred Credits	3,230.00
Fixed Liabilities	467,453.55

TOTAL LIABILITIES	600,162.20
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Surplus	8,211,942.35
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TOTAL LIABILITIES AND SURPLUS	8,812,104.55
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see notes to financial statements



Housing Authority of the City of Kenner  
Kenner, LA 70065

SCHEDULE V

STATEMENT OF INCOME AND EXPENSES-PHA OWNED HOUSING  
Annual Contributions Contract FW-2167 STATUTORY BASIS  
For the year Ended June 30, 1998

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OPERATING INCOME:

Dwelling Rental	144,457.04
Interest Income	2,232.74
Other Income	15,981.22
	-----
Total Operating Income	162,671.00

OPERATING EXPENSES:

Administration	32,618.31
Tenant Services	0.00
Utilities	44,607.65
Ordinary Maintenance and Operations	94,517.47
General Expense	50,473.79
Non-Routine Maintenance	60,877.36
	-----
Total Operating Expenses	283,094.58

NET OPERATING DEFICIT (120,423.58)

OTHER CHARGES:

Interest on Notes and Bonds	25,664.90
Prior Period Adjustments Affecting Residual Receipts	9,230.36
Prior Period Adjustments Not Affecting residual Receipts	19,379.25
	-----
TOTAL OTHER CHARGES	54,274.51

DEFICIT (174,698.09)

see notes to financial statements

Housing Authority of the City of Kenner  
Kenner, LA 70065

SCHEDULE VI

STATEMENT OF INCOME AND EXPENSES  
HOUSING ASSISTANCE PAYMENTS PROGRAM-Statutory Basis  
Annual Contributions Contract FW-2064  
For the year Ended June 30, 1998

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	Certificates	Vouchers
Operating Income	16,949.57	4,091.73
Total Operating Income	<u>16,949.57</u>	<u>4,091.73</u>
Operating Expenses:		
HAP Payments	1,221,985.20	518,924.81
Administration Expenses	172,586.85	91,250.25
Total Operating Expenses	<u>1,394,572.05</u>	<u>610,175.06</u>
Net Operating Deficit	(1,377,622.48)	(606,083.33)
Other Credits:		
Prior Period Adjustments Affecting Residual Receipts	0.00	0.00
Deficit	<u>(1,377,622.48)</u>	<u>(606,083.33)</u>

see notes to financial statements

Housing Authority of the City of Kenner  
 Kenner, LA 70065  
 ANALYSIS OF SURPLUS  
 For the year Ended June 30, 1998

SCHEDULE VII

	ANNUAL CONTRIBUTIONS CONTRACTS			
	FW-2167 PHA OWNED	FW-2064 CERTIFICATES	FW-2064 VOUCHERS	TOTAL
Unreserved Surplus Balance Per PHA 6-30-97	(2,549,036.73)	(19,979,631.46)	(8,405,569.95)	(30,934,238.14)
Deficit for 6-30-97	(174,698.09)	0.00	0.00	(174,698.09)
Provision for Operating Reserve	(2,638.06)	0.00	0.00	(2,638.06)
Provision for Project Account	0.00	(319,834.00)	(150,644.00)	(470,478.00)
Annual Contributions	0.00	(1,382,876.00)	(591,932.00)	(1,974,808.00)
Adjustments During the Year	0.00	2,567,745.44	2,771,854.19	5,339,599.63
Balance June 30, 1998	(2,726,372.88)	(19,114,596.02)	(6,376,291.76)	(28,217,260.66)
Reserved Surplus-Operating Reserve Balance Per PHA 6-30-97	443,493.57	682,346.56	137,861.02	1,263,701.15
Provision for Operating Reserve	2,638.06	5,253.72	(14,151.52)	(6,259.74)
Balance June 30, 1998	446,131.63	687,600.28	123,709.50	1,257,441.41
Reserved Surplus-Project Account Balance Per PHA 6-30-97	0.00	3,045,316.61	3,109,801.00	6,155,117.61
Provision for Project Account	0.00	319,834.00	150,644.00	470,478.00
Adjustments During the Year	0.00	(2,565,646.00)	(2,771,854.00)	(5,337,500.00)
Balance June 30, 1998	0.00	799,504.61	488,591.00	1,288,095.61
Cumulative Annual Contributions: Balance Per PHA 6-30-97	17,277,929.99	8,546,982.08	5,325,970.99	31,150,883.06
Annual Contributions 6-30-98	102,760.44	1,382,876.00	591,932.00	2,077,568.44
Operating Subsidy	164,414.00	0.00	0.00	164,414.00
Contributions for Mod. & Dev.	307,418.50	0.00	0.00	307,418.50
Adjustments During the Year	164,203.54	0.00	0.00	164,203.54
Balance June 30, 1998	18,016,726.47	9,929,858.08	5,917,902.99	33,864,487.54
Cumulative Donations	19,178.36	0.00	0.00	19,178.36
Total Surplus	15,755,663.58	(7,697,633.05)	153,911.73	8,211,942.26

see notes to financial statements

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

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE CITY OF KENNER  
KENNER, LOUISIANA 70065

I have audited the financial statements of the Housing Authority of The City of Kenner (PHA), as of and for the year ended June 30, 1998, and have issued my report thereon dated November 23, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

November 23, 1998



---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation



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AMERICAN INSTITUTE OF CPA'S

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE CITY OF KENNER  
KENNER, LOUISIANA 70065

Compliance

I have audited the compliance of the Housing Authority of The City of Kenner (PHA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. the PHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the PHA's management. My responsibility is to express an opinion on the PHA's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations.

Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the PHA's compliance with those requirements.

In my opinion, the PHA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

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

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a *condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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.* I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

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



---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

November 23, 1998

THE HOUSING AUTHORITY OF THE CITY OF KENNER  
KENNER, LOUISIANA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

The following prior audit findings were not corrected or partially corrected:

97-1 The PHA did not have adequate control over its tenant accounting. The tenant accounts receivable and tenant security deposit subsidiary ledgers did not match the general ledger. Account 1128, Bank Deposits Over and Under has activity during the year to indicate a lack of control.

The PHA did correct the problem of the subsidiary ledgers matching the general ledger. However, there is no evidence that the PHA did anything at all to address the significant problem of account 1128, Deposits Over and Under having activity. This is repeated as finding 98-1.

97-2 The PHA did not have an equipment subsidiary ledger that balanced to the general ledger. The general ledger was not adjusted to the physical inventory taken by the PHA.

Again, the PHA took a physical inventory but did not have the fee accountant adjust the general ledger to it. This is repeated as finding 98-2.

THE HOUSING AUTHORITY OF THE CITY OF KENNER  
KENNER, LOUISIANA

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Per A-133, Section 505(d)

1. Summary Schedule of Auditors Results:

- i. The report includes an unqualified opinion on the financial statements.
- ii. There were no reportable conditions in internal controls found required to be disclosed at the financial statement level.
- iii. The audit disclosed no noncompliance which is material to the financial statements.
- iv. Reportable conditions in internal control over major programs were disclosed by the audit. None were considered material weaknesses.
- v. The compliance report issued for major programs was unqualified.
- vi. The report disclosed audit findings required to be reported under Section 510a of A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

CFDA #	Name of Program
14.850	Low Income Housing
14.852	CIAP
- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.00.
- ix. The auditee was not considered a low risk auditee.

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

**Finding Number 98-1**

Statement of Conditions--The PHA does not have adequate control over it's tenant accounting. Account 1128, Bank Deposits Over and Under has activity during the year that indicates a lack of control. Activity during the year was as follows:

Beginning Balance	0.00
7-97	(188.00)
8-97	579.00
9-97	1,172.85
10-97	(919.20)
11-97	120.00
	(644.65)
12-97	(151.47)
1-98	130.00
2-98	610.00
3-98	(611.00)
4-98	213.00
5-98	(310.53)
6-98	5,870.50
	(310.53)
Ending Balance	5,559.97

Criteria--Account 1128, Bank Deposits Over and Under, should normally only include deposits in transit and should clear out each month. This proper use of this account appears to only have happened during the months of 2-98 and 3-98.

Effect--The PHA does not have adequate control over the tenant accounting.

Cause--PHA staff has not properly addressed this matter in the past.

**PHA Response**--We concur with this finding. Please see our corrective action plan.



**Finding Number 98-2**

Statement of Conditions--The PHA does not have an equipment subsidiary ledger that balances to the general ledger. The general ledger was not adjusted to the physical inventory taken by the PHA.

Criteria--The PHA should take a physical inventory annually, complete a subsidiary ledger using those results, and have the general ledger adjusted accordingly.

Effect--The PHA does not have adequate control over some of it's fixed assets.

Cause--The PHA misunderstood the requirements of the prior audit findings on this matter. They thought the physical inventory taken would resolve it.

**PHA Response**--We concur with this finding. Please see our corrective action plan.

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

Finding 98-1a

1. Name of Program--Low Income Housing  
Identification Number--LA01200197J  
CFDA Title and Number--14.850  
Federal Award Number & Year--FW-2167 as of 6-30-98  
Name of Federal Agency--HUD  
Name of Pass Through Entity--None
2. Criteria--Tenant Accounting--See GAGAS finding 97-1 above.
3. Condition--Tenant Accounting--See GAGAS finding 97-1 above.
4. Amount of questioned costs and how they were computed--  
NONE
5. The PHA collects approximately \$180,000 of tenant rents and other income annually. During the fiscal year, the total unexplained charges to this account was a \$10,606.00.
6. Effect--The PHA has inadequate internal controls over tenant accounting.
7. Recommendations to prevent future occurrences of the finding include monthly reconciliation of tenant accounts receivable and tenant security deposits to the general ledger. As well, staff should investigate and document any entry to account 1128, Bank Deposits Over and Under on a monthly basis.
8. PHA officials agree with the finding.

Finding 98-2a

1. Name of Program--Low Income Housing  
Identification Number--LA01200197J  
CFDA Title and Number--14.850  
Federal Award Number & Year--FW-2167 as of 6-30-97  
Name of Federal Agency--HUD  
Name of Pass Through Entity--None
2. Criteria--Equipment Controls--See GAGAS finding 97-1 above.
3. Condition--Equipment Controls--See GAGAS finding 97-1 above.
4. Amount of questioned costs and how they were computed--NONE.
5. The PHA has \$4,293,631.12 recorded as Land, Structures and Equipment. The physical inventory taken differs from the property ledger as follows:

	Difference
Dwelling Equipment	
Non Expendable	20,580
Office Equipment	22,299
Maintenance Equipment	3,978
Automotive Equipment	2,859
6. Effect--While this amount is not material at the program level, it indicates that the PHA needs better internal controls over it's assets.
7. Recommendations to prevent future occurrences of the finding include computerizing the list of equipment, taking the physical inventory using the list, and having the fee accountant adjust the general ledger to the physical inventory results.
8. PHA officials agree with the finding.

THE HOUSING AUTHORITY OF THE CITY OF KENNER  
KENNER, LOUISIANA

**CORRECTIVE ACTION PLAN**

Our corrective action plan is as follows:

Finding 98-1

Contact Person Responsible for Action--Lawson Harvey

Anticipated Completion Date--March 1999

Corrective Action Planned--Beginning in 1-99, PHA staff will do the following upon receipt of each month's financial reports from the fee accountant:

1. Reconcile the tenant accounts receivable and tenant security deposits to the general ledger and the rent register.
2. Investigate and document any entry to account 1128, Bank Deposits Over and Under.

Finding 98-2

Contact Person Responsible for Action--Lawson Harvey

Anticipated Completion Date--1-31-99

Corrective Action Planned--We plan to do the following on this matter:

1. Computerize the equipment list
2. Take another physical inventory and update the computerized list.
3. Have the fee accountant adjust the general ledger to the resulting list.