

1998
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**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Financial Statements and Supplemental Financial Information
Year Ended December 31, 1998
with
Reports of Certified Public Accountants
on Financial and Compliance Examination**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, 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 **SEP 01 1999**

**VanRheenen & Miller, Ltd.
Certified Public Accountants
1309 East Race Avenue
Searcy, Arkansas 72143**

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FINANCIAL SECTION

Independent Auditors' Report

Board of Commissioners
Housing Authority of Rapides Parish
119 Boyce Gardens
Boyce, LA 71409

We have audited the accompanying general purpose and combining financial statements of Housing Authority of Rapides Parish as of December 31, 1998, and for the year then ended, as listed in the table of contents. These general purpose and combining financial statements, the schedule of expenditures of federal awards, and the supplemental financial information - statutory basis referred to below are the responsibility of the authority's management. Our responsibility is to express an opinion on these general purpose and combining financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose and combining 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 and combining financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose and combining financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to verify the propriety of housing assistance payments nor were we able to satisfy ourselves as to whether housing assistance payments were materially stated by other auditing procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the housing assistance payments by other auditing procedures, the general purpose and combining financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of Rapides Parish as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 9, 1999 on our consideration of Housing Authority of Rapides Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose and combining financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements, and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the housing assistance payments by other auditing procedures is fairly stated, in all material respects, in relation to the general purpose and combining financial statements, taken as a whole.

The accompanying financial information listed as supplemental financial information - statutory basis in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Housing Authority of Rapides Parish. As described in Note 1, the supplemental financial information - statutory basis was prepared in conformity with the accounting practices prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. Such supplemental financial information - statutory basis has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the housing assistance payments by other auditing procedures is fairly presented in all material respects in conformity with the comprehensive basis of accounting described in Note 1.

The supplemental financial information-GASB required information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that Housing Authority of Rapides Parish is or will become year 2000 compliant, that Housing Authority of Rapides Parish's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Housing Authority of Rapides Parish does business are or will become year 2000 compliant.

June 9, 1999

VanRheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1998**

	Governmental Fund Types		Account Groups		Memo Totals 1998
	Special Revenue	Capital Projects	General Fixed Assets	General Long-term Debt	
Assets and Other Debits					
Assets:					
Cash	\$ 277,523.74	\$ -	\$ -	\$ -	\$ 277,523.74
Receivables:					
Accounts	5,040.17	-	-	-	5,040.17
Other governments	-	38.50	-	-	38.50
Other	32.50	-	-	-	32.50
Due from other funds	44,459.54	-	-	-	44,459.54
Inventories (FIFO cost)	2,551.00	-	-	-	2,551.00
Prepaid items	8,528.30	-	-	-	8,528.30
Deferred charges	400.00	-	-	-	400.00
Fixed assets	-	-	6,874,808.64	-	6,874,808.64
Other debits:					
Amount to be provided for retirement of general long term debt	-	-	-	1,281,196.96	1,281,196.96
Total Assets and Other Debits	\$ 338,535.25	\$ 38.50	\$ 6,874,808.64	\$ 1,281,196.96	\$ 8,494,579.35
Liabilities, Equity, and Other Credits					
Liabilities:					
Accounts payable:					
Trade	\$ 9,411.98	\$ -	\$ -	\$ -	\$ 9,411.98
Other governments	2,981.00	-	-	-	2,981.00
Payroll taxes withheld and accrued	865.55	-	-	-	865.55
Security deposits	11,032.00	-	-	-	11,032.00
Due to other funds	44,421.04	38.50	-	-	44,459.54
Deferred revenue	29,849.46	-	-	-	29,849.46
Fixed liabilities	-	-	-	1,281,196.96	1,281,196.96
Total liabilities	98,561.03	38.50	-	1,281,196.96	1,379,796.49
Equity and Other Credits:					
Investment in general fixed assets	-	-	6,874,808.64	-	6,874,808.64
Fund balances:					
Reserved for prepaids	8,528.30	-	-	-	8,528.30
Reserved for inventories	2,551.00	-	-	-	2,551.00
Unreserved, undesignated	228,894.92	-	-	-	228,894.92
Total Equity and Other Credits	239,974.22	-	6,874,808.64	-	7,114,782.86
Total Liabilities, Equity and Other Credits	\$ 338,535.25	\$ 38.50	\$ 6,874,808.64	\$ 1,281,196.96	\$ 8,494,579.35

The accompanying notes are an integral part of the financial statements.

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Year Ended December 31, 1998**

	<u>Governmental Fund Types</u>		Memo Totals 1998
	<u>Special Revenue</u>	<u>Capital Projects</u>	
Revenues:			
Rents	\$ 145,342.59	\$ -	\$ 145,342.59
Charges for services	17,404.38	-	17,404.38
Operational subsidies/grants	649,145.17	88,698.48	737,843.65
Interest	3,930.11	-	3,930.11
Miscellaneous	(1,145.00)	-	(1,145.00)
	<u>814,677.25</u>	<u>88,698.48</u>	<u>903,375.73</u>
Total Revenues			
Expenditures			
Current:			
Housing operations	164,198.01	-	164,198.01
Administration	49,160.24	-	49,160.24
Utilities	127,768.06	-	127,768.06
Ordinary maintenance and operations	83,427.75	-	83,427.75
General expense	296,484.13	-	296,484.13
Housing assistance	18,957.00	88,698.48	107,655.48
Capital outlay			
	<u>739,995.19</u>	<u>88,698.48</u>	<u>828,693.67</u>
Total Expenditures			
Excess of Revenues over (under) Expenditures	74,682.06	-	74,682.06
Fund balances, beginning of period	<u>165,292.16</u>	<u>-</u>	<u>-</u>
Fund Balance, end of period	<u>\$ 239,974.22</u>	<u>\$ -</u>	<u>\$ 74,682.06</u>

The accompanying notes are an integral part of the financial statements.

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 1998**

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Rents	\$ 148,640.00	\$ 145,342.59	\$ (3,297.41)
Charges for services	12,000.00	17,404.38	5,404.38
Operational subsidies/grants	652,126.00	649,145.17	(2,980.83)
Interest	5,210.00	3,930.11	(1,279.89)
Miscellaneous	8,552.43	(1,145.00)	(9,697.43)
	826,528.43	814,677.25	(11,851.18)
Total Revenues			
Expenditures			
Current:			
Administrative salaries	91,580.00	112,493.50	(20,913.50)
Professional fees	6,700.00	11,335.50	(4,635.50)
Travel	17,700.00	22,975.32	(5,275.32)
Sundry administration	22,110.00	17,393.69	4,716.31
Utilities	99,360.00	49,160.24	50,199.76
Maintenance salaries	64,910.00	70,344.10	(5,434.10)
Maintenance materials	35,000.00	33,320.11	1,679.89
Other maintenance costs	20,000.00	24,103.85	(4,103.85)
Insurance	57,700.00	34,302.14	23,397.86
Employee benefits	53,670.00	42,482.70	11,187.30
Collection losses	740.00	2,729.59	(1,989.59)
Miscellaneous	-	3,913.32	(3,913.32)
Housing assistance payments	298,056.00	296,484.13	1,571.87
Capital expenditures	-	18,957.00	(18,957.00)
	767,526.00	739,995.19	27,530.81
Total Expenditures			
Excess of Revenues over (under) Expenditures	<u>\$ 59,002.43</u>	<u>74,682.06</u>	<u>\$ 15,679.63</u>
Fund balances, beginning of period		165,292.16	
Fund Balance, end of period		<u>\$ 239,974.22</u>	

The accompanying notes are an integral part of the financial statements.

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Notes to the Financial Statements
December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction.

The financial statements of the entity have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The entity is chartered as a public corporation for the purpose of administering housing programs for low income families.

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 income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds.

The following is a summary of significant accounting policies:

A. Reporting Entity.

The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Housing Authority of Rapides Parish, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups, and programs which are controlled by the entity's governing body.

B. Basis of Presentation.

1. **Funds and Account Groups.** The accounts of the entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various accounts are grouped, in the financial statements in this report, into the following categories:

Governmental Fund Types

Special revenue fund - The special revenue funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital projects fund - The capital projects fund is used to account for financial resources to be used for the acquisition, construction, and major renovation of major capital facilities.

Account Groups

The account groups are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Total Columns on Combined Statements. Total columns on the combined statements are captioned Memo Totals 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 generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
3. Land, Structures, and Equipment. Land, structures and equipment used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The entity does capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity.
4. Capitalized Interest. During project development, interest expenditures were capitalized under pre-1987 financing arrangements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to financed developments, interest expenditures are not accrued but are recorded when paid.
5. Long-term Liabilities. Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.
6. Fund Balance Reservations. Special reporting treatment is also applied in governmental funds when inventories and prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

C. Basis of Accounting.

1. Modified Accrual Basis of Accounting. All governmental fund types are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. All significant revenue sources are susceptible to accrual.

Expenditures in governmental fund types are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay which are not accrued, and (2) principal and interest on general long-term debt which is reported as expenditures in the year due.

The entity does not utilize encumbrance accounting.

2. Supplemental Financial Information - Statutory Basis. The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:
 - a. Governmental fund accounting principles are not utilized.
 - b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.
- d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
- e. The cost of accumulated unpaid vacation and sick leave is not accrued.
- f. Financial statement formats vary from GAAP.
- g. The entity does not utilize encumbrance accounting.
- h. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as Fixed Assets may include costs substantially in excess of value.
- i. During project development, interest expenditures are capitalized under pre-1987 financing agreements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to completion of Pre-1987 financed developments, interest expenditures are not accrued but are recognized when paid.

D. Budgetary Data.

- 1. Budget Policy and Practice. The entity follows these procedures in establishing the budgetary data reflected in the financial statements:
 - a. The entity prepares annual budgets for each fund (except the Capital Projects Fund). Prior to the beginning of each budget year, the entity's annual budget is approved by the entity's governing body. Budgetary amendments require approval by the governing body. Budget amounts shown in the financial statements are the final authorized amounts for the year. All budgetary appropriations lapse at the end of each fiscal year.
 - b. Budgets for the Capital Projects Fund are prepared on a project-life basis rather than on an annual basis and, therefore, have been omitted from the accompanying financial statements.
- 2. Encumbrances. Encumbrance accounting is not utilized by the entity.
- 3. Budget Basis of Accounting. The budgets are prepared on the statutory basis of accounting as prescribed by HUD.

E. Assets, Liabilities and Fund Equity.

- 1. Cash and Cash Equivalents. The entity defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.
- 2. Inventories. Inventories consists primarily of dwelling equipment stated at cost, first-in first-out method.

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenue, Expenditures and Expenses.

1. Compensated Absences. Vested and earned vacation and sick leave that are not accrued are reported in the general long-term debt account group. No expenditure is reported for those amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.
2. Income Taxes. The entity is not subject to federal or state income taxes.

NOTE 2 - DEPOSITS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at December 31, 1998. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized. (This includes bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 287,002.45	\$ 231,357.54	\$.00	\$ 55,644.91

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule as of December 31, 1998 represents interfund receivables and payables:

Fund Type	Interfund Receivables	Interfund Payables
Special Revenue:		
Owned Housing	\$ 44,459.54	\$.00
Certificate Housing	.00	44,421.04
Capital Projects	.00	38.50
Total	\$ 44,459.54	\$ 44,459.54

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Notes to the Financial Statements (Continued)
December 31, 1998**

NOTE 4 - FIXED ASSETS

Changes in fixed assets are as follows:

	<u>Beg. of Period</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Period</u>
Land, land impvts.	\$ 5,002.24	\$ 14,675.50	\$.00	\$ 19,677.74
Building	5,640,668.78	928,324.50	.00	6,568,993.28
Equipment	267,290.43	25,957.00	11,215.31	282,032.12
Const. in progress	865,407.02	88,698.48	950,000.00	4,105.50
Total	<u>\$ 6,778,368.47</u>	<u>\$ 1,057,655.48</u>	<u>\$ 961,215.31</u>	<u>\$ 6,874,808.64</u>

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation having a planned total cost of \$400,000.00 to be fully financed by grants from HUD.

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

NOTE 5 - FIXED LIABILITIES

Fixed liabilities consist of the following:

	<u>Interest Rate</u>	<u>Principal Balance</u>
Payroll related costs		\$ 15,323.77
HUD notes payable	various	1,265,873.19
Total		<u>\$ 1,281,196.96</u>

HUD notes payable are held and guaranteed by HUD. Under provisions of the federal Debt Forgiveness Act of 1985, these notes and accrued interest on these notes are to be forgiven by HUD. Timing of this action is uncertain.

Changes in fixed liabilities are as follows:

	<u>HUD Notes</u>	<u>Payroll Related Costs</u>
Balance, beginning of period	\$ 1,265,873.19	\$ 15,323.77
Net Change	.00	.00
Balance, end of period	<u>\$ 1,265,873.19</u>	<u>\$ 15,323.77</u>

NOTE 6 - RETIREMENT PLAN

The entity provides pension benefits for all of its full-time employees through the Housing Authority of Rapides Parish Retirement Plan (the "Plan"). The Plan is a single-employer defined contribution plan and is administered by the Housing Authority of Rapides Parish. The Plan is authorized and may be amended by the entity's Board of Commissioners.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate immediately. The employee contributes 7.5% and the entity contributes 13% of the employee's base salary each month.

The entity's total payroll in fiscal year ended December 31, 1998 was \$182,795.10. The entity's contributions were calculated using the base salary amount of \$170,440.27. Contributions to the plan were \$12,783.02 and \$22,157.24 by the employee and the entity, respectively.

Housing Authority of Rapides Parish
Boyce, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1998

NOTE 7 - DEFICIT FUND BALANCE

The following individual funds had deficit fund balances at December 31, 1998:

Special Revenue Certificate Housing	<u>\$ (23,869.10)</u>
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NOTE 8 - COMMITMENTS

Commitments arise primarily from construction in progress. Commitments at December 31, 1998 are composed of the following:

	<u>Project Authorization</u>	<u>Expended to December 31, 1998</u>	<u>Commitment</u>
CIAP 906-97	<u>\$ 400,000.00</u>	<u>\$ 4,105.50</u>	<u>\$ 395,894.50</u>

All project funds are provided by grant from HUD, therefore no additional funding is required to satisfy outstanding commitments at December 31, 1998.

NOTE 9 - CONTINGENCIES

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

COMBINING STATEMENTS

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Combining Balance Sheet - All Special Revenue Funds
December 31, 1998**

	<u>Owned Housing FW-2021</u>	<u>Certificate Housing FW-2116</u>	<u>Totals</u>
Assets and Other Debits			
Assets:			
Cash	\$ 254,083.60	\$ 23,440.14	\$ 277,523.74
Receivables:			
Accounts	5,040.17	-	5,040.17
Other	32.50	-	32.50
Due from other funds	44,459.54	-	44,459.54
Inventories	2,551.00	-	2,551.00
Prepaid items	7,810.50	717.80	8,528.30
Deferred charges	400.00	-	400.00
	<u>314,377.31</u>	<u>24,157.94</u>	<u>338,535.25</u>
Total Assets and Other Debits	\$ 314,377.31	\$ 24,157.94	\$ 338,535.25
Liabilities, Equity, and Other Credits			
Liabilities:			
Accounts payable:			
Trade	\$ 8,786.98	\$ 625.00	\$ 9,411.98
Other governments	-	2,981.00	2,981.00
Payroll taxes withheld and accrued	865.55	-	865.55
Security deposits	11,032.00	-	11,032.00
Due to other funds	-	44,421.04	44,421.04
Accrued PILOT	-	-	-
Deferred revenue	29,849.46	-	29,849.46
	<u>50,533.99</u>	<u>48,027.04</u>	<u>98,561.03</u>
Total liabilities	50,533.99	48,027.04	98,561.03
Equity and Other Credits:			
Fund balances:			
Reserved for prepaids	7,810.50	717.80	8,528.30
Reserved for inventories	2,551.00	-	2,551.00
Unreserved, undesignated	253,481.82	(24,586.90)	228,894.92
	<u>263,843.32</u>	<u>(23,869.10)</u>	<u>239,974.22</u>
Total Equity and Other Credits	263,843.32	(23,869.10)	239,974.22
Total Liabilities, Equity and Other Credits	\$ 314,377.31	\$ 24,157.94	\$ 338,535.25

The accompanying notes are an integral part of the financial statements.

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -
All Special Revenue Funds
Year Ended December 31, 1998**

	Owned Housing FW-2021	Certificate Housing FW-2116	Totals
Revenues:			
Rents	\$ 145,342.59	-	145,342.59
Charges for services	17,404.38	-	17,404.38
Operational subsidies/grants	318,762.00	330,383.17	649,145.17
Interest	3,930.11	-	3,930.11
Miscellaneous	(1,145.00)	-	(1,145.00)
	<u>484,294.08</u>	<u>330,383.17</u>	<u>814,677.25</u>
Total Revenues			
Expenditures			
Current:			
Administrative salaries	84,491.33	28,002.17	112,493.50
Professional fees	9,715.00	1,620.50	11,335.50
Travel	12,564.28	10,411.04	22,975.32
Sundry administration	13,102.31	4,291.38	17,393.69
Utilities	49,160.24	-	49,160.24
Maintenance salaries	70,344.10	-	70,344.10
Maintenance materials	33,320.11	-	33,320.11
Other maintenance costs	24,103.85	-	24,103.85
Insurance	33,735.28	566.86	34,302.14
Employee benefits	40,316.93	2,165.77	42,482.70
Collection losses	2,729.59	-	2,729.59
Miscellaneous	3,830.90	82.42	3,913.32
Housing assistance payments	-	296,484.13	296,484.13
Capital Expenditures:	18,957.00	-	18,957.00
	<u>396,370.92</u>	<u>343,624.27</u>	<u>739,995.19</u>
Total Expenditures			
Excess of Revenues (over) (under) Expenditures	87,923.16	(13,241.10)	74,682.06
Fund Balance, beginning of period	<u>175,920.16</u>	<u>(10,628.00)</u>	<u>165,292.16</u>
Fund Balance, end of period	<u>\$ 263,843.32</u>	<u>\$ (23,869.10)</u>	<u>\$ 239,974.22</u>

The accompanying notes are an integral part of the financial statements.

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Balance Sheet - Statutory Basis
December 31, 1998**

	<u>Owned Housing FW-2021</u>	<u>Certificate Housing FW-2116</u>
<u>Assets</u>		
Cash-checking and on hand	\$ 254,083.60	\$ 23,440.14
Accounts receivable-tenants	5,040.17	-
Accounts receivable-intra agency	44,421.04	-
Accounts receivable-other	32.50	-
Prepaid insurance	7,810.50	717.80
Equipment inventory (FIFO cost)	2,551.00	-
Deferred charges	400.00	-
Fixed assets	<u>6,867,550.65</u>	<u>7,257.99</u>
 Total Assets	 <u>\$ 7,181,889.46</u>	 <u>\$ 31,415.93</u>
<u>Liabilities and Surplus</u>		
Tenants' security deposits	\$ 11,032.00	\$ -
Accounts payable-HUD	-	2,981.00
Accounts payable-intra agency	-	44,421.04
Accounts payable-other	8,786.98	625.00
Accrued and withheld payroll taxes	865.55	-
Deferred credits	29,849.46	-
Fixed liabilities	<u>1,265,873.19</u>	<u>-</u>
 Total liabilities	 1,316,407.18	 48,027.04
 Surplus	 <u>5,865,482.28</u>	 <u>(16,611.11)</u>
 Total Liabilities and Surplus	 <u>\$ 7,181,889.46</u>	 <u>\$ 31,415.93</u>

Housing Authority of Rapides Parish
Boyce, Louisiana

Statement of Income and Expenses - Statutory Basis
Owned Housing Program
Year Ended December 31, 1998

Annual Contributions Contract FW-2021

Operating income	
Dwelling rental	\$ 145,342.59
Interest on general fund investments	3,930.11
Other Income	<u>17,404.38</u>
Total operating income	<u>166,677.08</u>
Operating Expenses	
Administration	119,872.92
Utilities	49,160.24
Ordinary maintenance and operations	127,768.06
General expense	<u>80,612.70</u>
Total operating expenses	<u>377,413.92</u>
Net operating income (loss) before other items	(210,736.84)
Other charges (credits)	
Prior year adjustments affecting residual receipts	(8,551.91)
Loss from disposition of equipment	<u>11,215.31</u>
Total other charges (credits)	<u>2,663.40</u>
Net Income (Loss)	<u>\$ (213,400.24)</u>

Housing Authority of Rapides Parish
Boyce, Louisiana

Statement of Income and Expenses - Statutory Basis
Certificate Housing Program
Year Ended December 31, 1998

Annual Contributions Contract FW-2116

Total operating income	\$ -
Operating Expenses	
Housing assistance payments	296,484.13
Administrative expenses	44,325.09
General expenses	2,814.77
Prior year adjustment affecting residual receipts	<u>17,374.76</u>
Total operating expenses	<u>360,998.75</u>
Net operating loss before other items	(360,998.75)
Other charges (credits)	
Prior year adjustments not affecting residual receipts	<u>5,325.82</u>
Net Loss	<u>\$ (366,324.57)</u>

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Analysis of Surplus - Statutory Basis
December 31, 1998**

	Owned Housing FW-2021	Certificate Housing FW-2116
<i>Unreserved surplus</i>		
Balance per 12-31-97 audit	\$ (6,987,528.26)	\$ (3,854,306.61)
Prior audit AJEs subsequently booked	(9,696.91)	22,700.47
HUD adjustment prior year	-	94,885.55
Adjustment for rounding on HUD Form 52681	-	0.34
Net income (loss) FYE 12-31-98	(213,400.24)	(366,324.57)
Net operating loss carryover	-	(15,569.63)
OR provision FYE 12-31-98	(129,023.02)	22,315.77
HAP project provision FYE 12-31-98	-	(50,320.83)
	<u>(7,339,648.43)</u>	<u>(4,146,619.51)</u>
<i>Balance at 12-31-98</i>		
<i>Reserved Surplus</i>		
Balance per 12-31-97 audit	166,223.25	6,746.31
Adjustment for rounding on HUD Form 52681	-	0.17
Net operating loss carryover	-	15,569.29
OR provision FYE 12-31-98	129,023.02	(22,315.77)
	<u>295,246.27</u>	<u>-</u>
<i>Balance at 12-31-98</i>		
<i>Project account - unfunded- HAP</i>		
Balance per 12-31-97 audit	-	336,410.89
HUD adjustment prior year	-	(92,662.89)
Adjustment for rounding on HUD Form 52681	-	0.17
HAP project provision FYE 12-31-98	-	50,320.83
	<u>-</u>	<u>294,069.00</u>
<i>Balance at 12-31-98</i>		
<i>Cumulative contributions from HUD</i>		
Balance per 12-31-97 audit	8,968,477.44	3,505,556.40
Contribution FYE 12-31-98	-	330,383.17
Adjustment for rounding on HUD Form 52681	-	(0.17)
Operating subsidy FYE 12-31-98	318,762.00	-
	<u>9,287,239.44</u>	<u>3,835,939.40</u>
<i>Balance at 12-31-98</i>		
<i>Grants from HUD</i>		
Balance per 12-31-97 audit	3,394,559.14	-
Grants FYE 12-31-98	228,085.86	-
	<u>3,622,645.00</u>	<u>-</u>
<i>Balance at 12-31-98</i>		
Total Surplus	<u>\$ 5,865,482.28</u>	<u>\$ (16,611.11)</u>

Housing Authority of Rapides Parish
Boyce, Louisiana

Computation of Residual Receipts and Accruing Annual Contributions
Owned Housing Program
Year Ended December 31, 1998

Annual Contributions Contract FW-2021

Computation of Residual Receipts	
Operating receipts	
Operating income	\$ 166,677.08
HUD operating subsidy	318,762.00
Prior year adjustments affecting residual receipts	<u>8,551.91</u>
Total operating receipts	<u>493,990.99</u>
Operating expenditures	
Operating expenses	377,413.92
Capital expenditures	<u>18,957.00</u>
Total operating expenditures	<u>396,370.92</u>
Residual Receipts before provision for reserve, per audit	97,620.07
Audit adjustments (backed out)	<u>31,402.95</u>
Residual Receipts before provision for reserve, per PHA	129,023.02
Provision for operating reserve	<u>(129,023.02)</u>
Residual receipts per PHA	<u>\$ (0.00)</u>

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Computation of Annual Contributions Earned and Project Account and Operating Reserve Changes
Certificate Housing Program
Year Ended December 31, 1998**

Annual Contributions Contract FW-2116

Maximum Contribution Available	
Maximum annual contribution authorized	\$ 380,704.00
Project account, beginning of year	<u>243,748.00</u>
Total annual contribution available	<u>624,452.00</u>
Annual Contributions Required	
Housing assistance payments	296,484.13
Administrative fee	<u>33,899.04</u>
Total funds required	330,383.17
Less project receipts other than annual contribution	<u>-</u>
Total annual contribution required	<u>330,383.17</u>
Project Account Change	
New project account balance	<u>\$ 294,068.83</u>
Annual Contributions Earned - lesser of contribution available or required	<u>\$ 330,383.17</u>
Operating Reserve Changes	
Operating receipts	
Annual contribution earned	\$ 330,383.17
Operating expenditures	
Operating expenses	<u>360,998.75</u>
Net operating receipts available-audit	(30,615.58)
Audit adjustment (backed out)	<u>8,299.81</u>
Provision for operating reserve	(22,315.77)
Adjustment for rounding on Form 52681	0.17
Prior operating reserve	<u>6,746.31</u>
Net operating loss carryover	<u>\$ (15,569.29)</u>

Housing Authority of Rapides Parish
Boyce, Louisiana

Schedule of Modernization Costs - Uncompleted
December 31, 1998

Annual Contributions Contract FW-2021

	<u>Project #906-97</u>
1. Funds approved	\$ 400,000.00
Funds expended	<u>4,105.50</u>
Excess of funds approved	<u>\$ 395,894.50</u>
2. Funds advanced	\$ 4,067.00
Funds expended	<u>4,105.50</u>
Excess (deficiency) of funds advanced	<u>\$ (38.50)</u>

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Schedule and Certification of Actual Modernization Costs
December 31, 1998**

Annual Contributions Contract FW-2021

	<u>Project #904-95</u>	<u>Project #905-96</u>	<u>Total</u>
1. Funds approved	\$ 350,000.00	\$ 600,000.00	\$ 950,000.00
Funds expended	<u>350,000.00</u>	<u>600,000.00</u>	<u>950,000.00</u>
Excess of funds approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2. Funds advanced	\$ 350,000.00	\$ 600,000.00	\$ 950,000.00
Funds expended	<u>350,000.00</u>	<u>600,000.00</u>	<u>950,000.00</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

3. The distribution of costs by project as shown on the Final Statement of Cost Certificate submitted to HUD for approval is in agreement with the PHA
4. All modernization costs have been paid and all related liabilities have been discharged through payment.

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Analysis of General Fund Cash Balance
December 31, 1998**

	<u>Owned Housing FW-2021</u>	<u>Certificate Housing FW-2116</u>
<u>Assets and Other Items</u>		
Cash-checking and on hand	\$ 254,083.60	\$ 23,440.14
Adjustment for CIAP/CGP funding	38.50	-
Accounts receivable-tenants	5,040.17	-
Accounts receivable-intra agency	44,421.04	-
Accounts receivable-other	32.50	-
Prepaid insurance	7,810.50	717.80
Equipment inventory	2,551.00	-
Deferred charges	400.00	-
	<u>\$ 314,377.31</u>	<u>\$ 24,157.94</u>
 <u>Liabilities, Reserves, and Other Items</u>		
Tenants' security deposits	\$ 11,032.00	\$ -
Accounts payable-HUD	-	2,981.00
Accounts payable-intra agency	-	44,421.04
Accounts payable-other	8,786.98	625.00
Accrued and withheld payroll taxes	865.55	-
Deferred credits	29,849.46	-
Operating reserve per PHA	295,246.27	-
Adjustments affecting Operating Reserve (backed out)	(31,402.95)	(8,299.81)
Deficit carryover	-	(15,569.29)
	<u>\$ 314,377.31</u>	<u>\$ 24,157.94</u>
Total	<u>\$ 314,377.31</u>	<u>\$ 24,157.94</u>

**Housing Authority of Rapides Parish
Boyce, Louisiana**

Owned Housing Program

**Adjusting Journal Entries
December 31, 1998**

Annual Contributions Contract FW-2021

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
Insurance	4510	6010	\$ 4,498.07	
Prepaid Insurance	1211	1211		\$ 4,498.07
To adjust prepaid insurance to audit amount.				
(2)				
Vehicles	1400.4/1475.7	1400.4/1475.3	18,957.00	
Replacement of non equipment	7520	6010	18,957.00	
Deferred Charges	1290	1290		18,957.00
Property - Contra	7590	6020		18,957.00
To capitalize Chevy truck purchased March 9, 1998.				
(3)				
Prior Yr. Adj. Affecting Res. Rec.	6010	Do	9,920.57	
Electricity	4320			211.86
Administrative Sundry	4190			1,187.08
Water	4310	Not		1,092.75
Gas	4330			169.58
Other Utilities	4390			1,008.44
Maintenance Contract Costs	4430			1,200.15
Maintenance Materials	4420	Book		5,050.71
To reverse effects of December 31, 1997 accounts payable.				
(4)				
Water	4310	Do	1,606.04	
Gas	4330		76.87	
Other Utilities	4390		2,249.72	
Maintenance Materials	4420	Not	873.71	
Maintenance Contract Costs	4430		1,407.00	
Employee Benefit Contributions	4540		1,734.54	
Vendors and Contractors	2111	Book		7,947.88
To record December 31, 1998 accounts payable.				

**Housing Authority of Rapides Parish
Boyce, Louisiana**

Certificate Housing Program

**Adjusting Journal Entries
December 31, 1998**

Annual Contributions Contract FW-2116

	<u>Acct. # for audit report</u>	<u>Acct. # for posting by PHA</u>	<u>Debit</u>	<u>Credit</u>
(1)				
Administrative Salaries	4110	6010	\$ 6,808.67	
Travel	4150	6010	1,349.51	
Accounting	4170	6010	493.50	
Administrative Sundry	4190	6010	727.46	
Employee Benefit Contributions	4540	6010	1,143.33	
Accounts Payable - Low Rent	2119	2119		\$ 10,522.47
To adjust amounts due to low rent.				
Prior Yr. Adj. Not Affecting R.R.	6020	6020	2,222.66	
Prior Yr. Adj. Affecting R.R.	6010	6010		2,222.66
To complete recording of prior year audit adjustment.				

SUPPLEMENTAL FINANCIAL INFORMATION - FEDERAL AWARDS

Housing Authority of Rapides Parish
Boyce, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended December 31, 1998

Federal Grantor/Program Title	Grant ID Number	Federal CFDA Number	Current Year Program or Award Amount	Balance Beginning of Year - Cash/Receivable/(Payable)	Grant Receipts or Revenue Recognized	Grant Disbursements/Expenditures	Balance End of Year Cash/Receivable (Payable)
U.S. Department of Housing and Urban Development Direct Programs:							
Low - Income Housing Operating Subsidies	FW-2021	14.850	\$ 318,762.00	\$ -	\$ 318,762.00	\$ 318,762.00	\$ -
Section 8 Rental Certificate	FW-2116	14.857	330,383.17	(49,829.89)	283,534.28	330,383.17	(2,981.00)
CIAP							
904-95			-	(5,113.26)	-	5,113.26	-
905-96			-	144,500.64	224,018.86	79,518.22	-
907-97			-	38.50	4,067.00	4,067.00	38.50
Total CIAP	FW-2021	14.852	-	139,425.88	228,085.86	88,698.48	38.50
Total HUD and Grand Total			\$ 649,145.17	\$ 89,595.99	\$ 830,382.14	\$ 737,843.65	\$ (2,942.50)

See Note 1 to Financial Statements for a discussion of accounting principles applied to this statement.

See Notes to Financial Statements.

SUPPLEMENTAL FINANCIAL INFORMATION -
GASB REQUIRED INFORMATION

**Housing Authority of Rapides Parish
Boyce, Louisiana**

**Year 2000 Supplementary Information
December 31, 1998**

GASB Technical Bulletin No. 98-1 requires certain information to be disclosed regarding the impact of the Year 2000 (Y2K) on the processing of date dependent information by the computerized information systems being utilized by governmental entities.

GASB Technical Bulletin No. 99-1 further expounded on the disclosure requirements and methods of reporting. The disclosures that follow are intended to comply with these requirements:

It appears that the Housing Authority of Rapides Parish has addressed the potential impact of the Year 2000 (Y2K) on the processing of date-dependent information by the computerized information systems being utilized by the Authority. The PHA is in the implementation stage of compliance. All application software, operating systems, and computer hardware appear to be Y2K compliant. The Y2K Issue is the result of computer programs being written using two digits (rather than four) to define a year. This could result in miscalculations or system failures. The Authority spent \$14,728.00 during the 1998 year to make their application software, operating systems, and computer hardware Y2K compliant. No significant additional costs will be required to make computer systems and other equipment Y2K compliant.

NON-FINANCIAL SECTION

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

Board of Commissioners
Housing Authority of Rapides Parish
119 Boyce Gardens
Boyce, LA 71409

We have audited the general purpose and combining financial statements of Housing Authority of Rapides Parish as of and for the year ended December 31, 1998, and have issued our report thereon dated June 9, 1999, which was qualified because we were unable to satisfy ourselves as to housing assistance payments. Except as discussed in the preceding sentence, 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 Housing Authority of Rapides Parish's general purpose and combining financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item 98-1, 98-2 and 98-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Housing Authority of Rapides Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose and combining financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting 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 financial reporting that, in our judgment, could adversely affect Housing Authority of Rapides Parish's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1, 98-2 and 98-3.

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. Our consideration 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, of the reportable conditions described above, we consider items 98-1, 98-2 and 98-3 to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

June 9, 1999

VanRheenen & Miller, Ltd.
VanRheenen & Miller Ltd.
Certified Public Accountants

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 Rapides Parish
119 Boyce Gardens
Boyce, LA 71409

Compliance

We have audited the compliance of Housing Authority of Rapides Parish 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 December 31, 1998. Housing Authority of Rapides Parish'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 authority's management. Our responsibility is to express an opinion on Housing Authority of Rapides Parish'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 A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of Rapides Parish'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 Housing Authority of Rapides Parish's compliance with those requirements.

As described in items 98-4 and 98-7 in the accompanying schedule of findings and questioned costs, Housing Authority of Rapides Parish, did not comply with requirements regarding eligibility and allowable costs that are applicable to its Section 8 Rental Certificate Program and Public and Indian Housing Programs, respectively. Compliance with such requirements is necessary, in our opinion, for Housing Authority of Rapides Parish, to comply with requirements applicable to the programs referred to above.

In our opinion, except for the non-compliance described in the preceding paragraph, Housing Authority of Rapides Parish 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 December 31, 1998. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 98-5, 98-6 and 98-8.

Internal Control Over Compliance

The management of Housing Authority of Rapides Parish 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 Housing Authority of Rapides Parish'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 A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Housing

Authority of Rapides Parish's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 98-4, 98-5, 98-6, 98-7 and 98-8.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 98-4 and 98-7 to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

VanRheenen & Miller, Ltd.

VanRheenen & Miller, Ltd.
Certified Public Accountants

June 9, 1999

**Housing Authority of Rapides Parish
Schedule of Findings and Questioned Costs
Year Ended December 31, 1998**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an qualified opinion on the general purpose and combining financial statements of Housing Authority of Rapides Parish.
2. Three reportable conditions disclosed during the audit of the general purpose and combining financial statements are reported in the Internal Control Over Financial Reporting Based on an Audit of General Purpose and Combining Financial Statements Performed in Accordance with Government Auditing Standards. Three conditions are reported as a material weaknesses.
3. One instance of noncompliance material to the general purpose and combining financial statements of Housing Authority of Rapides Parish was disclosed during this audit.
4. Five reportable conditions disclosed during the audit of the major federal award programs are in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133. Two conditions are reported as material weaknesses.
5. The auditors' report on compliance for the major federal award programs for the Housing Authority of Rapides Parish expresses an qualified opinion.
6. Audit findings relative to the major federal award programs for Housing Authority of Rapides Parish are reported in Part C. of this Schedule.
7. The programs tested as major programs included: Public and Indian Housing, CFDA #14.850; Section 8 Rental Certificate Program, CFDA #14.857.
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Housing Authority of Rapides Parish was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

98-1 Housing Assistance Payments

Condition: Nine tenant files for the section 8 certificate program were reviewed for compliance with eligibility regulations and verification of housing assistance payment (HAP) amounts. The results are as follows:

- a. *Five files did not have a current re-examination.*
- b. *Six files did not contain a "HQS" inspection that reflected the unit "passed" inspection.*
- c. *Four of the files had incorrect hap calculations and/or the actual HAP payment did not agree with the file.*
- d. *One file lacked income verification.*
- e. *Three files contained leases that had not been executed by the PHA.*
- f. *Three files did not contain a signed HUD form 9886.*

Criteria: Internal controls should be in place that provides reasonable assurance that individuals receiving HAP payments are eligible and that the HAP payments are correctly calculated and paid.

**Housing Authority of Rapides Parish
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 1998**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)

98-1 Housing Assistance Payments (Continued)

Effect: The lack of internal controls could allow ineligible individuals to receive housing assistance as well as eligible individuals receiving incorrect HAP payments. The errors noted in our sample projected to the total population was determined to be \$23,823.72. As a result, we are not able to satisfy ourselves as to whether housing assistance payments are materially stated.

Recommendation: All individuals in the program should be recertified immediately. The Authority should develop relevant checklists and other items to help put in place internal controls necessary to ensure all participants are eligible and are receiving the proper amount of assistance.

Response: We were aware of the problems noted above and had informed the local HUD office. We also notified the auditor of these deficiencies upon his arrival.

The Authority's current management took control on May 17, 1999. Since that date, all program participants are undergoing a re-examination of their eligibility and recalculation of their housing assistance.

98-2 Salaries

Condition: Salaries exceeded budgeted amounts as follows:

	<u>Actual</u>	<u>Budget</u>	<u>(Over) Under Budget</u>
Public and Indian Housing			
Administration	\$ 84,491.33	\$ 84,580.00	\$ 88.67
Maintenance	70,344.10	64,912.00	(5,432.10)
Section 8 Rental Certificate Program			
Administration	28,002.17	7,000.00	(21,002.17)

We also noted individual salaries in excess of budgeted and civil service amounts.

Criteria: Internal controls should be in place that provides reasonable assurance that salaries are paid at approved levels.

Effect: The lack of internal controls could allow budget overruns that if not monitored would create a financial burden upon the individual programs affected. The lack of controls could also allow an individual to receive salary payments in excess of Board of Commissioners' approved rates.

Recommendation: The Authority should ensure that controls are in place to ensure all salary payments are made at approved rates as well as monitor actual expenses compared to budgeted expenses to keep the programs financially stable.

Response: No response was available at the time of issuance of this report.

98-3 Late Submission of Audit Report

Criteria: Louisiana Revised Statutes (LSA-RS) 24:513 requires governmental audits to be submitted to the Legislative Auditor within six months after the fiscal year end.

**Housing Authority of Rapides Parish
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 1998**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)

98-3 Late Submission of Audit Report (Continued)

Condition: The audit report was not submitted by June 30, 1999 in accordance with state law.

Effect: The Authority may be found in non-compliance with LSA-RS 24:513 and be subject to certain fines and other corrective action.

Recommendation: The Authority should submit its audit report within the statutory defined time frame.

Response: We have submitted the required report. We will insure that all future required reports will be submitted to the Legislative Auditor within the required time frame.

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

Questioned
Costs

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Section 8 Rental Certificate Program (CFDA No. 14.857)

98-4 Housing Assistance Payments

See part B, 98-1.

\$ 23,823.72

98-5 Salaries

See part B, 98-4

Public and Indian Housing (CFDA No. 14.850)

98-6 Public Housing Management Assessment Program

Condition and Criteria: Form HUD-50072 is designed to assess the management performance of public housing agencies. Our review of this form yielded the following results:

- a. Turnaround times as submitted were not supported by documentation.
- b. Component #4 was not in agreement with supporting documentation.

Effect: Inaccurate data submitted on the form HUD-50072 could cause the local HUD office to assess management performance inaccurately.

Recommendation: The Authority should accumulate and maintain all documentation necessary to support their representations on form HUD-50072. The Authority should obtain relevant worksheets to assist in the accumulation of the necessary information.

Response: A change in software provides will assist us with this report. Please note that the report was prepared by previous administration.

**Housing Authority of Rapides Parish
 Schedule of Findings and Questioned Costs (Continued)
 Year Ended December 31, 1998**

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

98-7 Documentation of Expenditures \$ 18,823.00

Condition and Criteria: Three checks were issued but no supporting documentation was made available to review.

Effect: The checks may not be eligible expenditures and may not have been procured in accordance with laws and regulations. Therefore, the amount of these disbursements is considered a questionable cost.

Cause: Documentation to support the procurement and eligibility of the disbursement was not maintained.

Population and Items Tested:

	Number	Dollars
Population size	1030	\$ 482,391.23
Items tested	40	358,884.16
Items not in compliance	3	18,823.00

Recommendation: All purchases should be made according to the procurement policy. All disbursements should be supported by invoices and purchase orders, where applicable.

Response: These checks were approved for payment by previous management. All current disbursements are being made in accordance with the procurement policy and are adequately documents by supporting invoices.

98-8 Salaries

See part b, 98-4.

**Housing Authority of Rapides Parish
Summary Schedule of Prior Audit Findings
Year Ended December 31, 1998**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1997 - FINDING NO.1

TENANT FILES

Condition: This finding was a reportable condition stating a deficiency in the documentation of Form HUD-9886, incorrect amounts of rent on the rental register, lack of annual re-examinations, and lack of submission of form HUD-50058 to the MTCS Processing Center.

Recommendation: The auditor recommended a thorough review of tenants' files should be made for the purpose of eliminating the deficiencies.

Current Status: Continuing deficiencies were noted as follows: (Eighteen files were selected for testing).

- a. Two files selected for testing could not be located.
- b. Thirteen did not have a properly signed and dated Form HUD-9886.
- c. Seven files had incorrect rent calculations. The projected error of these miscalculations was \$3,430.09.
- d. Twelve files did not have current re-examinations.

This finding remains unresolved.

Auditee Response: We are currently updating all files and making all corrections.