

ARCHIE B. SANCHEZ, JR.
CERTIFIED PUBLIC ACCOUNTANT

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HOUSING AUTHORITY OF THE CITY OF KENNER

HUD PJT NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
LA048-P012-904Z

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 1995

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 8-28-96

ARCHIE B. SANCHEZ, JR.
CERTIFIED PUBLIC ACCOUNTANT

05/21/95 10:21

To the Department of Housing
and Urban Development:

Attached is the financial report of the Housing Authority of the
City of Kenner (HUD Project Nos. LA012001,003; LA48-E012-004/018;
LA48-V012-006/015; LA048-P012-904Z) for the year ended June 30,
1995.

Archie B. Sanchez, Jr.
Archie B. Sanchez, Jr.
New Orleans, Louisiana

Employer Identification No.: 437-31-2158

Engagement Partner: Archie B. Sanchez, Jr.
1826 Gordon Street
(504) 944-0293

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ARCHIE B. SANCHEZ, JR.
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Housing Authority of the City of Kenner
1013 31st Street
Kenner, Louisiana 70065

I have audited the accompanying balance sheets of the Housing Authority of the City of Kenner, HUD Project Nos. LA012001,003; LA48-E012-004/018; LA48-V012-006/015; LA048-P012-904Z, as of June 30, 1995, and the related statements of income, expense and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the public housing authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards and 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

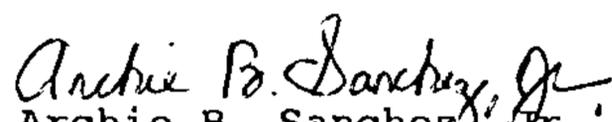
The public housing authority did not perform a physical inventory of fixed asset balances stated at \$ 5,321,634 at June 30, 1995; nor was I able to satisfy myself regarding the fixed asset balances by other auditing procedures.

As described in Note A to the financial statements, the public housing authority prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the United States Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to examine evidence regarding fixed assets, the 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, 1995, and the results of its operations, changes in surplus, and cash flows for the year then ended in conformity with HUD prescribed accounting principles and standards.

In accordance with Government Auditing Standards and the Consolidated Audit Guide for Audits of HUD Programs issued by the U.S. Department of Housing and Urban Development, I have also issued a report dated April 22, 1996, on my consideration of the Housing Authority of the City of Kenner's internal control structure, and reports dated April 22, 1996 on its compliance with specific requirements applicable to major HUD programs, specific requirements applicable to Affirmative Fair Housing, and specific requirements applicable to nonmajor HUD program transactions.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on pages 10 to 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the public housing authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Archie B. Sanchez, Jr.
New Orleans, Louisiana
April 22, 1996

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 BALANCE SHEETS
 June 30, 1995

ASSETS

CURRENT ASSETS		
1111.1	Cash	\$ 1,203,889
1117	Petty cash fund	50
1130	Tenants accounts receivable	3,525
1171	Debt service funds	771
1174	HUD annual contribution receivable	75,128
1177	Deposits with HUD	72,519
1240	Prepaid insurance	28,608
1290	Other	194
	TOTAL CURRENT ASSETS	<u>1,384,684</u>
LAND, STRUCTURES AND EQUIPMENT		
1410	Development Cost	1,031,519
1400.4	Land, Structures & Equipment	<u>4,290,115</u>
		5,321,634
1620	Undistributed debits-ineligible expenditures	<u>59</u>
		<u>\$ 6,706,377</u>
LIABILITIES AND SURPLUS		
CURRENT LIABILITIES		
2114	Tenant security deposits	\$ 9,862
2118	HUD accounts payable	139,156
2119	Other accounts payable	4,229
2210	Prepaid annual contribution	130,199
2290	Other deferred credits	1,300
	TOTAL CURRENT LIABILITIES	<u>284,746</u>
FIXED LIABILITIES		
2311	Permanent notes (HUD)	191,836
2312	Notes payable (F.F.B.)	150,992
2341	New housing agency bonds issued	870,000
2342	New housing agency bonds retired	<u>(412,163)</u>
		800,665
SURPLUS		
	Surplus	<u>5,620,966</u>
		<u>\$ 6,706,377</u>

Note: Accrued annual leave of employees at the end of the fiscal year is \$ 23,688.

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 STATEMENTS OF INCOME, EXPENSE, AND SURPLUS
 Year Ended June 30, 1995

INCOME

Rent	\$	87,973
Interest		24,266
Other		<u>7,576</u>
		119,815

EXPENSES

Administrative		166,318
Utilities		40,707
Ordinary maintenance and operation		77,987
General		107,674
Nonroutine maintenance		(568)
Housing assistance payments		1,812,998
Interest		<u>32,788</u>
		2,237,904

OTHER CREDITS

Prior year adjustment affecting residual receipts		<u>23,770</u>
---	--	---------------

EXCESS (DEFICIENCY) OF INCOME, CREDITS
OVER EXPENSES

(2,094,319)

HUD ANNUAL CONTRIBUTIONS

4,095,480

BEGINNING SURPLUS

3,619,805

ENDING SURPLUS

5,620,966

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 1995

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess (Deficiency) Of Income, Credits
 Over Expenses \$ (2,094,319)

Adjustments to reconcile deficiency of income,
 credits over expenses to net cash provided by
 operating activities:

Changes in current assets and liabilities:

Decrease in tenant accounts receivable	274
Decrease in other receivable	515
Increase in debt service funds	(755)
Increase in deposits with HUD	(17,691)
Decrease in prepaid insurance	4,841
Increase in other assets	(194)
Increase in tenant security deposits	2,690
Increase in payroll withholdings	1,647
Increase in HUD accounts payable	25,964
Increase in prepaid annual contributions	130,199
Increase in other liabilities	1,300
Decrease in deferred credits	(10,042)
Total adjustments	<u>138,748</u>

Net cash used by operating activities (1,955,571)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(85,207)</u>
Net cash used in investing activities	(85,207)

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on permanent notes	(1,782,853)
Principal payments on F.F.B. loans	(28,615)
Principal payments on new housing authority bonds	(25,013)
Cumulative HUD annual contributions	1,996,249
Cumulative HUD donations	25,000
Cumulative HUD annual contributions - Voucher	587,947
Cumulative HUD annual contributions - Existing	1,467,407
Cumulative HUD grants - Development/Modernization	(1,734)
Cumulative HUD grants - Development	1,734
Cumulative HUD grants - 908	<u>18,877</u>
Net cash provided by financing activities	2,258,999

NET INCREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of year	<u>985,718</u>
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Cash and cash equivalents at end of year	<u>1,203,939</u>
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See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF KENNER
HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
LA048-P012-904Z
NOTES TO FINANCIAL STATEMENTS

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

The Housing Authority of the City of Kenner is 91-unit apartment project for low income residents located in Kenner, Louisiana. The housing authority is subject to Section 8 Housing Assistance Payment agreement's with the U.S. Department of Housing and Urban Development (HUD), and a significant portion of rental income is received from HUD. The Housing Authority of the City of Kenner major programs include the Section 8 Existing Housing Certificate Program and the Section 8 Voucher Program.

Principles of Accounting

The financial statements of the Housing Authority of the City of Kenner (the public housing authority) are prepared on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD) which is other than generally accepted accounting principles. These practices differ in some respects from generally accepted principles. The accounting practices of the Housing Authority of the City of Kenner which depart from those required by generally accepted accounting principles are identified below.

Accounts Receivable

The receivables from tenants are not stated at net realizable value as required by generally accepted accounting principles. The balances are presented on a basis consistent with the preceding period and in accordance with HUD prescribed practices.

Debt Service Funds

The public housing authority bond debt is administered by HUD. The debt service fund represent amounts on deposit with fiscal agents or due from HUD to pay principal and interest on the obligations of the public housing authority and for such other purposes as may be provided for in the annual contribution contract.

Land, Structures, and Equipment

In accordance with HUD prescribed accounting practices, land, structures and equipment are recorded at cost with no provision for depreciation. When assets are retired or disposed of, any resulting gain or loss is reflected in income for the period. Maintenance and repair costs are charged against income as incurred. Significant renewals and betterments are capitalized.

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 NOTES TO FINANCIAL STATEMENTS

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Notes Payable

Major capital improvement projects were financed by issuing a series of 19 year public housing authority notes. HUD and the Housing Authority of the City of Kenner retire these notes through annual contribution contract payments. The notes payable amount is not segregated between current and noncurrent portions as required by generally accepted accounting principles; however, the notes payable amount is recorded as noncurrent as required by HUD prescribed accounting practices.

Fixed Liabilities

The public housing authority's financing process is administered by HUD. Bonds and permanent notes are not segregated between current and noncurrent portions as required by generally accepted accounting principles; but are presented in accordance with HUD prescribed practices.

Income Taxes

The Housing Authority of the City of Kenner is a nonprofit organization exempt from income tax.

NOTE B-NOTES PAYABLE (FEDERAL FINANCING BANK)

The balance due as of June 30, 1995 is \$ 150,992. The yearly installment of principal and interest is \$ 27,632 with a maturity date of November 1, 2001. Interest is being charged at 6.6%.

Maturities of the notes payable in each of the next five years are as follows:

1996	\$17,667
1997	\$18,809
1998	\$20,074
1999	\$21,399
2000	\$22,812

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 NOTES TO FINANCIAL STATEMENTS

NOTE C-HOUSING AUTHORITY BONDS PAYABLE

The bonds are dated on June 1, 1967. The balance due as of June 30, 1995 is \$ 457,837. The yearly installment of principal and interest is \$ 47,691 with a maturity date of June 30, 2008. Interest is being charged at 4.5%.

Maturities of the housing authority bonds payable in each of the next five years are as follows:

1996	\$27,188
1997	\$28,275
1998	\$28,363
1999	\$30,450
2000	\$32,625

NOTE D-REVENUE CONCENTRATION

The public housing authority received support and revenue as follows:

	<u>Number of Contributors /Grantors</u>	<u>Amount</u>	<u>Percent of Revenue</u>
Federal grant	1	\$ 2,282,895	100%

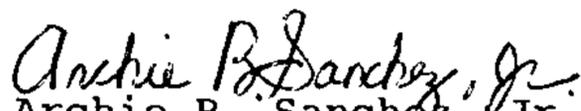
SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Commissioners of
Housing Authority of the City of Kenner
1013 31st Street
Kenner, Louisiana 70065

My report on my audit of the basic financial statements of the Housing Authority of the City of Kenner, HUD Project Nos. LA012001,003; LA48-E012-004/018; LA48-V012-006/015; LA048-P012-904Z, for June 30, 1995, appears on page 1. My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 10 to 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Housing Authority of the City of Kenner. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the board of commissioners, management, the state and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.


Archie B. Sanchez, Jr.
New Orleans, Louisiana
April 22, 1996

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO AFFIRMATIVE FAIR HOUSING

To the Board of Commissioners of
Housing Authority of the City of Kenner
1013 31st Street
Kenner, Louisiana 70065

I have audited the financial statements of the Housing Authority of the City of Kenner, HUD Project Nos. LA012001,003; LA48-E012-004/018; LA48-V012-006/015; LA048-P012-904Z, as of and for the year ended June 30, 1995.

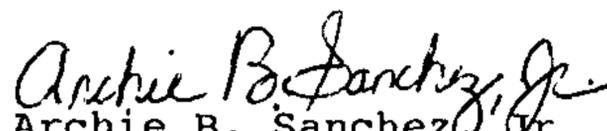
I have also applied procedures to test the Housing Authority of the City of Kenner's compliance with the Affirmative Fair Housing requirements applicable to its HUD-assisted programs for the year ended June 30, 1995.

Except as described in the following paragraph, my procedures were limited to the applicable compliance requirement described by the Consolidated Audit Guide for Audits of HUD Programs (the "Guide"), issued by the U.S. Department of Housing and Urban Development, Office of Inspector General, in July 1993. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Housing Authority of the City of Kenner's compliance with the Affirmative Fair Housing requirements. Accordingly, I do not express such an opinion.

I was unable to obtain a copy of the Housing Authority of the City of Kenner's Affirmative Fair Housing Marketing Plan from the Housing Authority of the City of Kenner's management, nor was I able to determine whether policies and procedures for marketing the units were placed in operation. I was unable to satisfy myself by alternative procedures as to the Housing Authority of the City of Kenner's compliance with those requirements.

The results of my tests disclosed no instances of noncompliance that is required to be reported herein under the Guide.

This report is intended for the information of the board of commissioners, management, the state and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.


Archie B. Sanchez, Jr.
New Orleans, Louisiana
April 22, 1996

INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

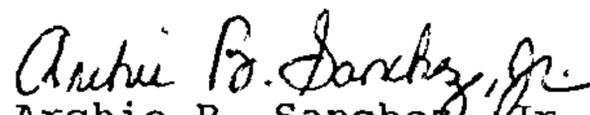
To the Board of Commissioners of
Housing Authority of City of Kenner
1013 31st Street
Kenner, Louisiana 70065

I have audited the financial statements of Housing Authority of the City of Kenner as of and for the year ended June 30, 1995, and have issued my report thereon dated April 22, 1996. These financial statements are the responsibility of the public housing authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the City of Kenner, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the board of commissioners, management, the state and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.


Archie B. Sanchez, Jr.
New Orleans, Louisiana
April 22, 1996

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

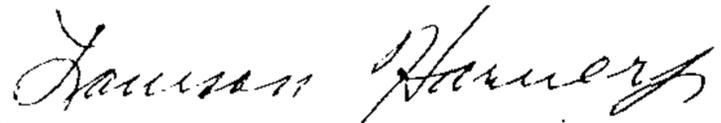
<u>GRANTOR/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PROJECT NUMBER</u>	<u>EXPENDITURES</u>
U.S. Dept. of Housing & Urban Development			
Flexible Subsidy	14.156	LA012001,003	\$ 108,535
*Rent Subsidy (Certificate)	14.177	LA48-E012-004/018	1,428,255
*Rent Subsidy (Voucher)	14.177	LA48-V012-006/015	587,774
Modernization	14.852	LA048-P012-904Z	<u>19,606</u>
			<u>\$ 2,144,170</u>

* denotes major program.

HOUSING AUTHORITY OF THE CITY OF KENNER
HUD PROJECT NOS. LA012001,003; LA48-E012-004/018;
LA48-V012-006/015; LA048-P012-904Z

CERTIFICATION OF THE PUBLIC HOUSING AUTHORITY

I hereby certify that I have examined the accompanying financial statements and supplemental data of the Housing Authority of the City of Kenner, HUD Project Nos. LA012001,003; LA48-E012-004/018; LA48-V012-006/015; LA048-P012-904Z and, to the best of my knowledge and belief the same are accurate and complete.



Lawson Harvey, Executive Director
Housing Authority of the City of Kenner
April 22, 1996

Employer Identification Number: 72-0795622

HOUSING AUTHORITY OF THE CITY OF KENNER
SCHEDULE OF REPORTABLE CONDITIONS
JUNE 30, 1995

Material Internal Control Weakness

1. Cash

Condition: During my test of cash and interest bearing deposits with financial institutions, I noted cash balances exceeding the \$100,000 Federal Deposit Insurance Coverage (FDIC) or similar insurance coverage limits.

Criteria: Internal controls should be in place to ensure that cash and interest bearing deposits with financial institutions exceeding \$ 100,000 are properly collateralized with U.S. Government Securities by the respective bank.

Effect of Condition: Management has not considered the possible effect of the condition.

Recommendation: Procedures should be implemented to monitor cash and interest bearing deposits monthly relative to the Federal Deposit Insurance Coverage limits.

2. Cash

Condition: During my test of cash and interest bearing deposits, I noted that the organization was unable to ascertain the allocation of the cash balances to respective programs.

Criteria: For public housing authorities that commingle monies of projects in a joint account, cash balances should be properly allocated.

Effect of Condition: Management has not considered the possible effect of the condition.

Recommendation: Procedures should be implemented to ascertain the allocable cash balances to respective programs.

HOUSING AUTHORITY OF THE CITY OF KENNER
SCHEDULE OF REPORTABLE CONDITIONS
JUNE 30, 1995

Material Internal Control Weakness (Continued)

3. Cash

Condition: During my test of cash receipts, I noted that the organization does not segregate the following functions: the receipt of cash and recording of cash receipts to the tenant accounts receivable ledger.

Criteria: The organization should separate incompatible job functions.

Effect of Condition: Management has not considered the possible effect of the condition.

Recommendation: Procedures should be implemented to segregate incompatible job functions.

4. Cash

Condition: During my test of cash balances, I noted that bank reconciliations are not reviewed by a responsible official.

Criteria: The reconciliation procedure should include the following: a comparison of cancelled checks with the disbursement journal; account for the sequence of check numbers; examination of cancelled checks for irregular endorsement and alterations; a review of voided checks; comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal.

Effect of Condition: Management has not considered the possible effect of the condition.

Recommendation: Procedures should be implemented to review bank reconciliations monthly.

HOUSING AUTHORITY OF THE CITY OF KENNER
SCHEDULE OF REPORTABLE CONDITIONS
JUNE 30, 1995

Material Internal Control Weakness (Continued)

5. Prepaid Assets

Condition: During my test of prepaid balances, I noted that carrying values of prepaid assets were not periodically reviewed for possible write-down and other adjustments.

Criteria: Management should review prepaid balances monthly to ensure that amounts are properly recorded.

Effect of Condition: Management has not considered the possible effect of the above conditions.

Recommendation: Procedures should be implemented to monitor prepaid balances monthly.

6. Investments

Condition: During my test of investment balances, I noted that investment balances were understated by \$ 7,808.

Criteria: Internal controls should be in place to ensure that investment balances are properly stated.

Effect: Management has not considered the possible effect of the condition.

Recommendation: Procedures should be implemented to ensure that investment balances are properly stated monthly.

HOUSING AUTHORITY OF THE CITY OF KENNER
SCHEDULE OF REPORTABLE CONDITIONS
JUNE 30, 1995

Material Internal Control Weakness (Continued)

7. Property and Equipment

Condition: During my test of property and equipment, I noted that the public housing authority did not maintain an updated property and equipment subsidiary ledger nor did the public housing authority conduct a physical inventory of fixed assets at year end.

Criteria: Procedures should be in place to reconcile the property and equipment subsidiary ledger to the general ledger; also, the public housing authority should conduct interim physical inventories of fixed assets.

Effect of Condition: Management has not considered the possible effect to the condition.

Recommendation: Procedures should be implemented to reconcile property and equipment subsidiary ledgers to the general ledger monthly; also, the public housing authority should conduct a physical inventory not less than yearly.

8. Debt

Condition: During my test of debt balances, it was confirmed that debt balances were overstated for the following project numbers: LA012001M and LA12003. Debt for project numbers: LA012001M and LA12003 were forgiven in September, 1991.

Criteria: Procedures should be in place to ensure that debt balances are properly stated.

Effect of Condition: Debt obligation were overstated by \$ 1,782,853.

Recommendation: Procedures should be implemented to ensure that debt obligations are properly stated monthly.

HOUSING AUTHORITY OF THE CITY OF KENNER
SCHEDULE OF REPORTABLE CONDITIONS
JUNE 30, 1995

Material Internal Control Weakness (Continued)

9. Debt

Condition: During my test of debt balances, I noted that the Federal Financing Bank (FFB) permanent notes general ledger balances were overstated by \$ 12,042.

Criteria: Procedures should be in place to ensure that debt balances are properly stated.

Effect of Condition: The debt balances are overstated by \$ 12,042.

Recommendation: Procedures should be implemented to ensure that debt obligations are properly stated.

10. Reporting

Condition: During my test of federal financial reports, I noted that management does not reconcile reports prepared by the fee accountant to supporting accounting records to ascertain whether amounts reported are complete and accurate.

Criteria: Federal financial reports should be reconciled to the general ledger as required (ie. monthly or quarterly).

Effect: Management has considered the possible effect of the above condition.

Recommendation: Procedures should be implemented to ensure that federal financial reports are prepared completely and accurately.

HOUSING AUTHORITY OF CITY OF KENNER
SCHEDULE OF FINDINGS AND QUESTIONED COST
JUNE 30, 1995

CURRENT YEAR FINDING:

Questioned
Costs

\$ - 0 -

U.S. Department of Housing and Urban Development:

1. Section 8 Program -- CFDA No. 14.177; Project Nos: LA48-E012-004/018; LA-48-V012-006/015; Year Ended - June 30, 1995.

Statement of Condition: The HUD approved Affirmative Fair Housing Marketing Plan was unavailable for review.

Criteria: The Affirmative Fair Housing Marketing Plan (AFHM Plan) is designed to promote equal housing choice for all prospective tenants regardless of race, color, religion, sex, or national origin. The AFHM plan identifies the marketing strategies the public housing authority plans to use during and after the project's initial rent-up period.

Effect of Condition: Noncompliance with requirements of Section 8 programs.

Recommendation: I recommend that the public housing authority maintain the Affirmative Fair Housing Marketing Plan for review.

HOUSING AUTHORITY OF THE CITY OF KENNER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1995

CURRENT YEAR FINDING:

Questioned
Costs

\$ - 0 -

U.S. Department of Housing and Urban Development:

2. Lower Income Housing Assistance and Section 8 Programs -- CFDA No. 14.156; 14.177; Project Nos. LA012001,003; LA48-E012-004/018 and LA48-V012-006/015; Year Ended - June 30, 1995.

Statement of Condition: During my test Low Income Housing Assistance and Section 8 tenant eligibility, I noted that annual recertification was not performed for 6 out of 25 tenant files selected for testing.

	<u>Low Income Housing Assistance Program</u>	<u>Section 8 Certificate /Voucher Program</u>	<u>Total</u>
Sample Items Tested by Program:	7	18	25
Noncompliance Items Noted by Program:	6	None	6

Criteria: At least annually, the public housing authority must reexamine family income and contribution to rent and utilities.

Effect of Condition: The cost of assistance may be disallowed.

Recommendation: I recommend that the public housing authority conduct annual recertification for lower income housing assistance and Section 8 tenants.

HOUSING AUTHORITY OF THE CITY OF KENNER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1995

CURRENT YEAR FINDING:

Questioned
Costs

\$ - 0 -

U.S. Department of Housing and Urban Development:

3. Lower Income Housing Assistance and Section 8 Programs -- CFDA No. 14.156; 14.177; Project Nos. LA012001,003; LA48-E012-004/018 and LA48-V012-006/015; LA048-P012-904Z; Year Ended - June 30, 1995.

Statement of Condition: The public housing authority did not submit the audited financial statements to HUD within 60 days from year end.

Criteria: Audited financial statements should be submitted to HUD within 60 days from year end.

Effect of Condition: Noncompliance with HUD reporting requirements.

Recommendation: I recommend that the public housing authority comply with the 60 day reporting requirement.

HOUSING AUTHORITY OF THE CITY OF KENNER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 1995

CURRENT YEAR FINDING:

Questioned Costs
\$ - 0 -

U.S. Department of Housing and Urban Development:

4. Lower Income Housing Assistance and Section 8 Programs -- CFDA No. 14.156; 14.177; Project Nos. LA012-001,003; LA48-E012-004/008 and LA48-V012-006/015; Year Ended - June 30, 1995.

Statement of Condition: During my test of cash balances, I noted that management was unable to provide the allocation of the cash balance for a joint account used for the Lower Income Housing Assistance and Section 8 programs.

Criteria: Cash balances in a joint account at period end should be properly allocated.

Effect of Condition: Management has considered the possible effect of the condition.

Recommendation: I recommend that the public housing authority determine the allocated cash balance in the joint account at year end.

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 SUPPLEMENTARY DATA REQUIRED BY HUD
 Year Ended June 30, 1995

Funds in Financial Institutions

* Funds in various banks - June 30, 1995

Operating cash account, checking (First American Bank)	\$ 675,148
Checking account, interest-bearing checking, interest rate 3% (First American Bank)	176,241
Certificate of deposit, 5% interest rate (Hibernia National Bank)	99,036
Certificate of deposit, 5% interest rate (Hibernia National Bank)	50,000
Certificate of deposit, 5% interest rate (Hibernia National Bank)	50,000
Certificate of deposit, 5% interest rate (Whitney National Bank)	53,464
Certificate of deposit, 5% interest rate, (Jefferson Guaranty Bank)	50,000
Certificate of deposit, 5% interest rate, (Jefferson Guaranty Bank)	50,000
	<u>\$1,203,889</u>

Accounts and Notes Receivable (Other Than Tenants)

None

Tenant Accounts Receivable

17 tenants	0-30 days	\$ 79
9 tenants	31-60 days	433
2 tenants	60-90 days	43
34 tenants	90 and over	2,970
		<u>\$ 3,525</u>

Changes in Property and Equipment

	<u>Asset Balance</u> <u>July 1, 1994</u>	<u>Current</u> <u>Additions</u>	<u>Moderni-</u> <u>zation</u> <u>Close-Out</u>	<u>Asset Balance</u> <u>June 30, 1995</u>
Land, Building and Improvements	\$ 4,416,256	687,365		5,103,621
Modernization	704,140	19,606	(704,140)	19,606
Equipment	116,030	82,377		198,407
Totals	<u>5,236,426</u>	<u>789,348</u>	<u>(704,140)</u>	<u>5,321,634</u>

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 SUPPLEMENTARY DATA REQUIRED BY HUD
 Year Ended June 30, 1995

Trade Accounts Payable

None

Tenant Security Deposits

Tenant security deposits are held in account #0700773 at First American Bank, Vacherie, Louisiana in an account insured by the Federal government that is in the name of the public housing authority. At June 30, 1995, the amounts due to tenants was \$ 9,862. Interest earned on the account does not inure to the tenants and remains in the operating account.

Reserve for Replacement and Residual Receipts Account

None

Loans (Other Than Permanent Notes and Notes Payable)

None

Comments on Balance Sheet Items

None

Identity of Interest Companies

None

Donations and Subsidy Payments

Amounts received in 1995 are as follows:

HUD Donations	\$	25,000
Section 8 rent subsidy		2,211,518
Operating subsidy		108,535
Modernization		<u>19,606</u>
	\$	<u>2,364,659</u>

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 BALANCE SHEETS - GAAP BASIS
 June 30, 1995

ASSETS

CURRENT ASSETS

1111.1	Cash	\$ 1,203,889
1117	Petty cash fund	50
1130	Tenants accounts receivable	3,525
1171	Debt service funds	771
1174	HUD annual contribution receivable	75,128
1177	Deposits with HUD	72,519
1240	Prepaid insurance	28,608
1290	Other	194
TOTAL CURRENT ASSETS		<u>1,384,684</u>

LAND, STRUCTURES AND EQUIPMENT

1410	Development Cost	1,031,519
1400.4	Land, Structures & Equipment	<u>4,290,115</u>
		5,321,634

1620	Undistributed debits-ineligible expenditures	<u>59</u>
		<u>\$ 6,706,377</u>

LIABILITIES AND SURPLUS

CURRENT LIABILITIES

2114	Tenant security deposits	\$ 9,862
2118	HUD accounts payable	139,156
2119	Other accounts payable	4,229
2210	Prepaid annual contribution	130,199
2290	Other deferred credits	1,300
	Notes payable (F.B.B.)	17,667
	New housing agency bonds	<u>27,188</u>
TOTAL CURRENT LIABILITIES		329,601

FIXED LIABILITIES

2311	Permanent notes (HUD)	191,836
2312	Notes payable (F.F.B.)	133,325
2341	New housing agency bonds issued	842,812
2342	New housing agency bonds retired	<u>(412,163)</u>
		755,810

SURPLUS

Surplus	<u>5,620,966</u>
	<u>\$ 6,706,377</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 STATEMENTS OF INCOME, EXPENSE, AND SURPLUS - GAAP BASIS
 Year Ended June 30, 1995

INCOME

Rent		\$	87,973
Interest			24,266
Other			<u>7,576</u>
			119,815

EXPENSES

Administrative			166,318
Utilities			40,707
Ordinary maintenance and operation			77,987
General			107,674
Nonroutine maintenance			(568)
Housing assistance payments			1,812,998
Interest			<u>32,788</u>
			2,237,904

OTHER CREDITS

Prior year adjustment affecting residual receipts			<u>23,770</u>
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EXCESS (DEFICIENCY) OF INCOME, CREDITS
OVER EXPENSES

(2,094,319)

HUD ANNUAL CONTRIBUTIONS

4,095,480

BEGINNING SURPLUS

3,619,805

ENDING SURPLUS

5,620,966

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF KENNER
 HUD PJT. NOS. LA012001,003; LA48-E012-004/018; LA48-V012-006/015;
 LA048-P012-904Z
 STATEMENTS OF CASH FLOWS - GAAP BASIS
 Years Ended June 30, 1995

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess (Deficiency) Of Income, Credits
 Over Expenses \$ (2,094,319)

Adjustments to reconcile deficiency of income,
 credits over expenses to net cash provided by
 operating activities:

Changes in current assets and liabilities:

Decrease in tenant accounts receivable	274
Decrease in other receivable	515
Increase in debt service funds	(755)
Increase in deposits with HUD	(17,691)
Decrease in prepaid insurance	4,841
Increase in other assets	(194)
Increase in tenant security deposits	2,690
Increase in payroll withholdings	1,647
Increase in HUD accounts payable	25,964
Increase in prepaid annual contributions	130,199
Increase in other liabilities	1,300
Decrease in deferred credits	(10,042)
Total adjustments	<u>138,748</u>

Net cash used by operating activities (1,955,571)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(85,207)</u>
Net cash used in investing activities	(85,207)

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on permanent notes	(1,782,853)
Principal payments on F.F.B. loans	(28,615)
Principal payments on new housing authority bonds	(25,013)
Cumulative HUD annual contributions	1,996,249
Cumulative HUD donations	25,000
Cumulative HUD annual contributions - Voucher	587,947
Cumulative HUD annual contributions - Existing	1,467,407
Cumulative HUD grants - Development/Modernization	(1,734)
Cumulative HUD grants - Development	1,734
Cumulative HUD grants - 908	<u>18,877</u>
Net cash provided by financing activities	2,258,999

NET INCREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginnning of year	<u>985,718</u>
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Cash and cash equivalents at end of year	<u>1,203,939</u>
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See accompanying notes to financial statements.

ARCHIE B. SANCHEZ, JR.
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL
STRUCTURE (COMBINED REPORT APPLICABLE TO FINANCIAL
STATEMENTS AND HUD-ASSISTED PROGRAMS)

To the Board of Commissioners of
Housing Authority of the City of Kenner
1013 31st Street
Kenner, Louisiana 70065

I have audited the financial statements of the Housing Authority of the City of Kenner, HUD Project Nos. LA012001,003; LA48-E012-004/018; LA48-V012-006/015; LA048-P012-904Z, as of and for the year ended June 30, 1995 and have issued my report thereon dated April 22, 1996. I have also audited the public housing authority's compliance with requirements applicable to major HUD-assisted programs and have issued my report thereon dated April 22, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the Consolidated Audit Guide for Audits of HUD Programs (the Guide), issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, in July 1993. Those standards and the Guide require that I plan and perform the audits to obtain reasonable assurance about whether the public housing authority complied with laws and regulations, noncompliance with which would be material to a major HUD assisted program.

The management of the Housing Authority of the City of Kenner is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management authorization and recorded properly to permit the preparation of financial statements in accordance with HUD prescribed accounting principles, and that HUD-assisted programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit, I obtained an understanding of the design of relevant internal control structure policies and procedures and determined whether they had been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the Housing Authority of the City of Kenner's financial statements and on its compliance with specific requirements applicable to its major HUD-assisted programs and to report on the internal control structure in accordance with the provisions of the Guide and not to provide any assurance on the internal control structure.

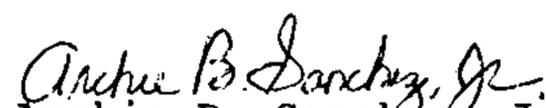
I performed tests of controls, as required by the Guide, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements applicable to the Housing Authority of the City of Kenner's major HUD-assisted programs. My procedures were less in scope than would be necessary to render an opinion on such internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the Housing Authority of the City of Kenner's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements or to administer HUD-assisted programs in accordance with applicable laws and regulations. The reportable conditions noted are described in the accompanying Schedule of Reportable Conditions.

A material weakness is reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws and regulations that would be material to a HUD-assisted program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the following matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of the Housing Authority of the City of Kenner and of its compliance with requirements applicable to its major programs for the year ended June 30, 1995, and this report does not affect my reports thereon dated April 22, 1996. The material weaknesses noted are described in the accompanying Schedule of Reportable Conditions.

This report is intended for the information of the board of commissioners, management, the state and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.


Archie B. Sanchez, Jr.
New Orleans, Louisiana
April 22, 1996

ARCHIE B. SANCHEZ, JR.
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR HUD PROGRAMS**

To the Board of Commissioners of
Housing Authority of the City of Kenner
1013 31st Street
Kenner, Louisiana 70065

I have audited the financial statements of the Housing Authority of the City of Kenner, HUD Project Nos. LA012001,003; LA48-E012-004/018; LA48-V012-006/015; LA048-P012-904Z, as of and for the year ended June 30, 1995, and have issued my report thereon dated April 22, 1996.

I have also audited the Housing Authority of the City of Kenner's compliance with the specific requirements governing federal financial reports, the residual receipts, tenant security deposits, cash receipts and disbursements, tenant application, tenant eligibility, tenant recertification, and management functions that are applicable to each of its major HUD-assisted programs for the year ended June 30, 1995. The management of the Housing Authority of the City of Kenner is responsible for compliance with those requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Consolidated Audit Guide for Audits of HUD Programs (the "Guide") issued by the U.S. Department of Housing and Urban Development, Office of Inspector General, in July 1993. Those standards and the Guide require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the public housing authority's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. I considered those instances of noncompliance in forming my opinion, which is expressed in the following paragraph.

In my opinion, the Housing Authority of the City of Kenner complied, in all material respects, with the requirements described above that are applicable to each of its major HUD-assisted programs for the year ended June 30, 1995.

This report is intended for the information of the board of commissioners, management, the state and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.

Archie B. Sanchez, Jr.
Archie B. Sanchez, Jr.
New Orleans, Louisiana
April 22, 1996

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO NONMAJOR HUD TRANSACTIONS

To the Board of Commissioners of
Housing Authority of the City of Kenner
1013 31st Street
Kenner, Louisiana 70065

I have audited the financial statements of the Housing Authority of the City of Kenner, HUD Project Nos. LA012001,003; LA48-E012-004/018; LA48-V012-006/015; LA048-P012-904Z, as of and for the year ended June 30, 1995, and have issued my report thereon dated April 22, 1996.

In connection with my audit of the June 30, 1995 financial statements of the Housing Authority of the City of Kenner and with my consideration of the Housing Authority of the City of Kenner's internal control structure used to administer HUD programs, as required by the Consolidated Audit Guide for Audits of HUD Programs (the "Guide"), issued by the U.S. Department of Housing and Urban Development, Office of Inspector General, in July 1993, I selected certain transactions applicable to certain nonmajor HUD-assisted programs for the year ended June 30, 1995. As required by the Guide, I performed auditing procedures to test compliance with the requirements governing affirmative fair housing, management, maintenance, federal financial reports, tenant application, tenant eligibility, tenant recertification, and tenant security deposits that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Housing Authority of the City of Kenner's compliance with those requirements. Accordingly, I do not express such an opinion.

The results of my tests disclosed immaterial instances of noncompliance with the those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the board of commissioners, management, the state and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record, and its distribution is not limited.


Archie B. Sanchez, Jr.
New Orleans, Louisiana
April 22, 1996