

**HOUSING AUTHORITY OF
ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana**

**Annual Financial Report
September 30, 2002**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners

Housing Authority of St. John The Baptist Parish

152 Joe Parquet Circle

LaPlace, Louisiana 70068

We have audited the accompanying basic financial statements of the **HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH** (the “**Housing Authority**”) as of and for the year ended September 30, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the **Housing Authority’s** management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the **Housing Authority** as of September 30, 2002 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the basic financial statements, the **Housing Authority** adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis – For State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* as of October 1, 2001. This results in a change in the format and content of the basic financial statements.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2003, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Rebowe & Company

June 20, 2003

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
September 30, 2002

Our discussion and analysis of the Housing Authority of St. John the Baptist Parish's financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended September 30, 2002.

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

FINANCIAL HIGHLIGHTS

Total spending for all our programs was \$2.3 million for the year. Rentals, interest and other income furnished \$264 thousand of this, with HUD grants and subsidies covering the balance. The public housing subsidy provided by HUD for the year ended September 30, 2002 was increased approximately 18% over the prior year.

The largest expense for the Housing Authority was the utility cost which represented approximately 27% of the total expenditures for public housing. There were no major capital projects during this fiscal year.

USING THIS ANNUAL FINANCIAL REPORT

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

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

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

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
September 30, 2002

B. Schedule of Compensation Paid Board Members

VI. Single Audit Section.

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

Reporting the Housing Authority's Most Significant Funds

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

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

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$3.7 at September 30, 2002. Total assets increased by 7% due to the renovation of the three fire damaged units.

As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. Separate funds are established to account for Public Housing Capital Expenditures, Section 8 and Drug elimination separately. The following analysis focuses on the net assets and the change in net assets of the Housing Authority as a whole. A comparative analysis will be provided in future years when prior year information is available.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
September 30, 2002

Table 1
Net Assets
September 30, 2002

Current assets	\$ 702,248
Capital assets, net	<u>3,757,283</u>
Total assets	<u>4,459,531</u>
Current liabilities	673,871
Noncurrent liabilities	<u>71,888</u>
Total liabilities	<u>745,759</u>
Net Assets	
Invested in capital assets, net of related debt	3,757,283
Unrestricted	<u>(43,511)</u>
Total net assets	<u>\$3,713,772</u>

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
September 30, 2002

Table 2
Changes in Net Assets
Year Ended September 30, 2002

Revenues/capital contributions:

Operating revenues	
Rental and other	\$ 264,241
Nonoperating revenues	
Interest earnings	423
Federal grants and subsidies	2,089,350
Portability Income	<u>7,943</u>
 Total revenues	 \$2,361,957

Expenses:

Operating Expenses	
Administration	\$ 547,386
Tenant Services	12,011
Utilities	617,576
Ordinary maintenance and operations	92,270
General expenses	190,015
Housing assistance payments	366,036
Protective Services	85,327
Depreciation	<u>392,732</u>
 Total expenses	 \$2,303,353

Increase (decrease) in net assets \$ 58,604

Total revenues increased by 23% due primarily to an increase in HUD subsidies. Funding for the Section 8 program remain relatively stable.

Expenses decreased by 9% from the prior fiscal.

CAPITAL ASSET

At September 30, 2002, the Housing Authority had \$3.7 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$155,245, or 4%, from last year.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
September 30, 2002

Capital Assets at Year-end

	<u>2002</u>	<u>2001</u>
Land	\$ 171,875	\$ 171,875
Buildings	10,177,107	10,203,387
Building Improvements	1,240,210	1,240,210
Furniture and equipment	324,378	308,905
Construction in progress	<u>277,814</u>	<u>29,520</u>
Subtotals	12,191,384	11,953,897
Less Accumulated Depreciation	<u>(8,434,101)</u>	<u>(8,041,369)</u>
Fixed Assets, Net	\$ 3,757,283	\$ 3,912,528

This year's additions of \$263,767 are mainly the result of the renovation work to repair fire damaged units at Edgard and Laplace Oaks Developments paid for by the federal Capital Fund Program. No debt was issued for these additions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH

LaPlace, Louisiana

PROPRIETARY FUNDS

BALANCE SHEET

September 30, 2002

ASSETS

	Major Funds		
	Public Housing	Capital Fund	CGP
CURRENT ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Accounts Receivable from Tenants, Net of Allowance of (\$59,049)	7,144	-	-
Other Receivables	-	-	-
Advances to Other Contracts	245,292	-	-
Due from HUD	113,879	205,140	-
Inventory	12,183	-	-
Prepaid Insurance	74,410	-	-
Total Current Assets	452,908	205,140	-
CAPITAL ASSETS			
Land, Structures and Equipment (Net of Accumulated Depreciation)	3,479,469	-	-
CIP	-	128,688	149,126
Total Capital Assets, Net	3,479,469	128,688	149,126
Total Assets	\$ 3,932,377	\$ 333,828	\$ 149,126

Continued

Section 8	Non-Major Drug Elimination	Total
\$ -	\$ -	\$ -
-	-	7,144
32,799	-	32,799
-	-	245,292
-	11,401	330,420
-	-	12,183
-	-	74,410
32,799	11,401	702,248
-	-	3,479,469
-	-	277,814
-	-	3,757,283
\$ 32,799	\$ 11,401	\$ 4,459,531

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH

LaPlace, Louisiana

PROPRIETARY FUNDS

BALANCE SHEET (Continued)

September 30, 2002

	Major Funds		
	<u>Public Housing</u>	<u>Capital Fund</u>	<u>CGP</u>
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 324,752	\$ 14,032	\$ -
Advances from Other Contracts	-	191,108	-
Due to HUD	-	-	-
Bank Overdraft	34,524	-	-
Other Liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	359,276	205,140	-
	<hr/>	<hr/>	<hr/>
NONCURRENT LIABILITIES			
Tenant Deposits Held in Trust	40,127	-	-
Compensated Absences Payable	31,761	-	-
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	71,888	-	-
	<hr/>	<hr/>	<hr/>
COMMITMENTS AND CONTINGENT LIABILITIES	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	431,164	205,140	-
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Invested In Capital Assets, Net of Related Debt	3,479,469	128,688	149,126
Unrestricted	21,744	-	-
	<hr/>	<hr/>	<hr/>
	3,501,213	128,688	149,126
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Equity	<u>\$ 3,932,377</u>	<u>\$ 333,828</u>	<u>\$ 149,126</u>

The accompanying notes are an integral part of this statement.

	Non-Major		
<u>Section 8</u>	<u>Drug Elimination</u>	<u>Total</u>	
\$ -	\$ 10,710	\$	349,494
53,493	691		245,292
44,561	-		44,561
-	-		34,524
-	-		-
98,054	11,401		673,871
-	-		40,127
-	-		31,761
-	-		71,888
-	-		-
98,054	11,401		745,759
-	-		3,757,283
(65,255)	-		(43,511)
(65,255)	-		3,713,772
\$ 32,799	\$ 11,401	\$	4,459,531

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
PROPRIETY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
For the Year Ended September 30, 2002

	<u>Public Housing</u>
OPERATING REVENUES	
Dwelling Rental	\$ 264,241
Total Operating Revenues	264,241
OPERATING EXPENSES	
Administration	393,848
Tenant Services	12,011
Utilities	617,576
Maintenance	76,496
General Expense	190,015
Housing Assistance Payments	-
Depreciation Expenses	392,732
Protective Services	-
Total Operating Expenses	1,682,678
Loss From Operations	(1,418,437)
NON OPERATING REVENUES	
Federal Grants	1,089,160
Income Portability	-
Interest Income	111
Total Non Operating Revenues	1,089,271
NET INCOME (LOSS)	
BEFORE TRANSFERS	(329,166)
Transfers	161,236
Change in net assets	(167,930)
Net Assets, Beginning of Year - As Previously Stated	3,124,398
Prior Period Adjustment (Correction of An Error - Adjustment to Beginning Fixed Assets Balance)	544,745
Net Assets, Beginning of Year	3,669,143
Net Assets, End of Year	\$ 3,501,213

The accompanying notes are an integral part of this statement.

Major Funds			Non-Major	Total
Capital Fund	CGP	Section 8	Drug Elimination	
\$ -	\$ -	\$ -	\$ -	\$ 264,241
-	-	-	-	264,241
58,725	60,655	34,158	-	547,386
-	-	-	-	12,011
-	-	-	-	617,576
-	-	15,774	-	92,270
-	-	-	-	190,015
-	-	366,036	-	366,036
-	-	-	-	392,732
-	-	-	85,327	85,327
58,725	60,655	415,968	85,327	2,303,353
(58,725)	(60,655)	(415,968)	(85,327)	(2,039,112)
319,129	182,429	413,305	85,327	2,089,350
-	-	7,943	-	7,943
-	-	312	-	423
319,129	182,429	421,560	85,327	2,097,716
260,404	121,774	5,592	-	58,604
(161,236)	-	-	-	-
99,168	121,774	5,592	-	58,604
29,520	572,097	(70,847)	-	3,655,168
-	(544,745)	-	-	-
29,520	27,352	(70,847)	-	3,655,168
\$ 128,688	\$ 149,126	\$ (65,255)	\$ -	\$ 3,713,772

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
PROPRIETY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2002

	Public Housing
CASH FLOWS FROM OPERATING ACTIVITIES	
Rental Receipts	\$ 254,265
Other Receipts	19,995
Payments to Vendors	(1,306,771)
Payments to Employees	(130,797)
Housing Assistance Payments	-
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 (1,163,308)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES	
Federal Grant Income	1,089,160
Increase in Due From HUD	(40,199)
Non Operating Revenues	-
Decrease in Due to HUD	(41,991)
Transfers	161,236
 Net Cash Provided by Non-Capital Financing Activities	 1,168,206
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Increase in Compensated Absences	11,536
Purchases of Fixed Assets	(16,545)
 Net Cash Used In Capital and Related Financing Activities	 (5,009)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	111
 Net Cash Provided by Investing Activities	 111
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 -
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -

Continued

Major Funds			Non-Major		Total
Capital Fund	CGP	Section 8	Drug Elimination		
\$ -	\$ -	\$ -	\$ -	\$ 254,265	
-	-	-	-	19,995	
121,415	(60,655)	(54,689)	(79,901)	(1,380,601)	
-	-	(29,574)	-	(160,371)	
-	-	(366,036)	-	(366,036)	
121,415	(60,655)	(450,299)	(79,901)	(1,632,748)	
319,129	182,429	413,305	85,327	2,089,350	
(180,140)	-	-	(5,426)	(225,765)	
-	-	7,943	-	7,943	
-	-	28,739	-	(13,252)	
(161,236)	-	-	-	-	
(22,247)	182,429	449,987	79,901	1,858,276	
-	-	-	-	11,536	
(99,168)	(121,774)	-	-	(237,487)	
(99,168)	(121,774)	-	-	(225,951)	
-	-	312	-	423	
-	-	312	-	423	
-	-	-	-	-	
-	-	-	-	-	
\$ -	\$ -	\$ -	\$ -	\$ -	

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
PROPRIETY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended September 30, 2002

	Public Housing
CASH FLOW FROM OPERATING ACTIVITIES	
Operating Loss	\$ (1,418,437)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used In) Operating Activities:	
Depreciation	392,732
Change in Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable	10,019
Decrease (Increase) in Other Receivables	5,575
Decrease (Increase) in Advances to Other Contracts	(159,292)
Decrease (Increase) in Advances from Other Contracts	-
Decrease (Increase) in Inventory	(1,777)
Increase (Decrease) in Prepaid Insurance	(44,927)
Increase (Decrease) in Bank Overdraft	29,785
Increase (Decrease) in Accounts Payable and Accrued Expenses	14,840
Increase (Decrease) in Tenants Deposits Held in Trust	8,174
	8,174
Net Cash Used In Operating Activities	\$ (1,163,308)

The accompanying notes are an integral part of this statement.

Major Funds			Non-Major Funds		Total
Capital Fund	CGP	Section 8	Drug Elimination		
\$ (58,725)	\$ (60,655)	\$ (415,968)	\$ (85,327)	\$ (2,039,112)	-
-	-	-	-	-	392,732
-	-	-	-	-	10,019
-	-	(32,799)	-	-	(27,224)
-	-	-	-	-	(159,292)
166,108	-	(1,532)	(5,284)	-	159,292
-	-	-	-	-	(1,777)
-	-	-	-	-	(44,927)
-	-	-	-	-	29,785
14,032	-	-	10,710	-	39,582
-	-	-	-	-	8,174
<u>\$ 121,415</u>	<u>\$ (60,655)</u>	<u>\$ (450,299)</u>	<u>\$ (79,901)</u>	<u>\$ (1,632,748)</u>	-

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
NOTES TO FINANCIAL STATEMENTS
September 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

As of September 30, 2002, the Housing Authority had the following number of units under its programs:

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

*includes one non-dwelling unit

** All units are not leased up.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

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

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

The Housing Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* as of October 1, 2001. This results in a change in the format and content of the basic financial statements.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The Housing Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. BUDGETS

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

HUD approves all budgets for HUD funded programs.

D. CASH AND CASH EQUIVALENTS

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

E. INVESTMENTS

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

F. SHORT-TERM INTERFUND RECEIVABLES AND PAYABLES

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

G. PREPAID ITEMS

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

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

H. FIXED ASSETS AND DEPRECIATION

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

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

I. ACCOUNTS RECEIVABLE FROM TENANTS

Accounts receivable from tenants are stated at net realizable value as required by generally accepted accounting principles. An allowance for doubtful accounts is used in the valuation of accounts receivable from tenants. As of September 30, 2002, the amount of (\$59,049) was recorded to the allowance for doubtful accounts from tenants.

J. COMPENSATED ABSENCES

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

K. FUND EQUITY

Reservations when appropriate represent those portions of fund equity that are not appropriate for expenses are legally segregated for a specific future use. There were no reservations of fund equity as of September 30, 2002.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

L. USE OF ESTIMATES

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The Housing Authority maintains deposit accounts in a national bank. At year end, the carrying amount of the Housing Authority's bank deposits was \$(34,524), and the bank balance was \$30,533. The remainder difference was primarily due to outstanding checks.

Interest income on cash and cash equivalents totaled \$423 for the year ended September 30, 2002.

NOTE 3 - FIXED ASSETS

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

	Balance Oct. 1, 2001	Additions	Deletions	Balance Sept. 30, 2002
Land	\$ 171,875	\$ -	\$ -	\$ 171,875
Buildings	10,203,387	-	(26,280)	10,177,107
Building Improvements	1,240,210	-	-	1,240,210
Furniture and Equipment	308,905	15,473	-	324,378
CIP	29,520	248,294	-	277,814
Subtotal	<u>11,953,897</u>	<u>263,767</u>	<u>(26,280)</u>	<u>12,191,384</u>
Less Accumulated Depreciation	<u>(8,041,369)</u>	<u>(392,732)</u>	<u>-</u>	<u>(8,434,101)</u>
Fixed Assets, Net	<u>\$ 3,912,528</u>	<u>\$ (128,965)</u>	<u>\$ (26,280)</u>	<u>\$ 3,757,283</u>

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2002

NOTE 4 - RETIREMENT PLAN

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

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

The Housing Authority's and covered employee's contributions to this plan totaled \$5,294 for the year ended September 30, 2002.

NOTE 5 - COMPENSATED ABSENCES

As of September 30, 2002, employees of the Housing Authority had accumulated \$31,761 of employee leave benefits. These amounts are recorded in the funds from which payment will be made.

NOTE 6 - PAYMENT IN LIEU OF PROPERTY TAXES

In accordance with a cooperation agreement with the Parish of St. John the Baptist Parish, the Housing Authority is not required to pay property taxes. Instead, the Housing Authority is required to make payments in lieu of property taxes if and when funds may become available. No payments in lieu of property taxes were required or have been made for the year ended September 30, 2002.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2002

NOTE 7 - BOARD OF COMMISSIONERS' COMPENSATION

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

NOTE 8 - COMMITMENTS AND CONTINGENCIES

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

NOTE 9 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables included in the Housing Authority's balance sheet under the captions "Advances to Other Contracts" and "Advances from Other Contracts" as of September 30, 2002:

	<u>Advances to</u>	<u>Advances From</u>
Public Housing	\$ -	\$ 245,292
Capital Fund Program	191,108	
Section 8	53,493	-
Drug Elimination	<u>691</u>	<u>-</u>
Total	<u>\$ 245,292</u>	<u>\$ 245,292</u>

NOTE 10 - RISK MANAGEMENT

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

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
September 30, 2002

NOTE 11 – PRIOR PERIOD ADJUSTMENT (CORRECTION OF AN ERROR)

During the previous year, the Housing Authority transferred \$544,745 of capital assets out of CGP and into the Public Housing Fund. The transfer was a result of the Housing Authority's decision to combine the two funds. This amount is being shown as a prior period adjustment due to its absence in the prior period financial statements, compiled by the predecessor auditor. This prior period adjustment is reflected as a modification to the beginning net assets balance in the Combined Statement of Revenues, Expenses and Changes in Fund Net Assets for the year ended September 30, 2002.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
ASSETS:							
CURRENT ASSETS:							
Cash:							
111	Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100	Total Cash	-	-	-	-	-	-
Accounts and notes receivables:							
121	Accounts Receivable - Tenants	66,193	-	-	-	-	66,193
126	Allowance for Doubtful Accounts - Tenants	(59,049)	-	-	-	-	(59,049)
121	Accounts Receivable - HA Portability	-	-	-	32,799	-	32,799
122	Accounts Receivable - HUD	113,879	205,140	-	-	11,401	330,420
120	Total receivables, net of allowance for doubtful accounts	121,023	205,140	-	32,799	11,401	370,363
Current investments							
131	Investments - Unrestricted	-	-	-	-	-	-
132	Investments - Restricted	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	74,410	-	-	-	-	74,410
143	Inventories	12,183	-	-	-	-	12,183
143	Allowance for Obsolete Inventories	-	-	-	-	-	-
144	Interprogram - Due From	245,292	-	-	-	-	245,292
146	Amounts To Be Provided	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	452,908	205,140	-	32,799	11,401	702,248

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
NONCURRENT ASSETS							
Fixed Assets							
161	Land	171,875	-	-	-	-	171,875
162	Buildings	10,177,107	-	-	-	-	10,177,107
163	Furniture, Equipment & Machinery - Dwellings	16,001	-	-	-	-	16,001
163	Furniture, Equipment & Machinery - Administration	308,377	-	-	-	-	308,377
165	Leasehold Improvements	1,240,210	-	-	-	-	1,240,210
166	Accumulated Depreciation	(8,434,101)	-	-	-	-	(8,434,101)
167	CIP	-	128,688	149,126	-	-	277,814
160	Total fixed assets, net of accumulated depreciation	3,479,469	128,688	149,126	-	-	3,757,283
171	Notes and Mortgages Receivable - Noncurrent	-	-	-	-	-	-
172	Notes and Mortgages Receivable - Past Due	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-
175	Undistributed Debits	-	-	-	-	-	-
176	Investment in Joint Ventures	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	3,479,469	128,688	149,126	-	-	3,757,283
190	TOTAL ASSETS	\$ 3,932,377	\$ 333,828	\$ 149,126	\$ 32,799	\$ 11,401	\$ 4,459,531

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
LIABILITIES AND EQUITY:							
LIABILITIES:							
CURRENT LIABILITIES:							
311	Bank Overdraft	\$ 34,524	\$ -	\$ -	\$ -	\$ -	\$ 34,524
312	Accounts Payable < 90 Days	156,656	14,032	-	-	10,710	181,398
313	Accounts Payable > 90 Days Past Due	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	168,096	-	-	-	-	168,096
323	F.S.S. Escrow Liability	-	-	-	-	-	-
324	Accrued Contingency Liability	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-
331	Accounts Payable - HUD	-	-	-	44,561	-	44,561
332	Accounts Payable - Other Government	-	-	-	-	-	-
342	Deferred Revenues	-	-	-	-	-	-
343	Current Portion of Long-Term Debt - Capital Projects	-	-	-	-	-	-
344	Current Portion of Long-Term Debt	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-	-
347	Inter-Program - Due To	-	191,108	-	53,493	691	245,292
310	TOTAL CURRENT LIABILITIES	359,276	205,140	-	98,054	11,401	673,871

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
NONCURRENT LIABILITIES							
351	Long-Term Debt, Net of Current - Capital Projects	-	-	-	-	-	-
352	Long-Term Debt, Net of of Current - Operating Borrowings	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-	-
322	Accrued Compensated Absences	31,761	-	-	-	-	31,761
341	Tenant Security Deposits	40,127	-	-	-	-	40,127
350	TOTAL NONCURRENT LIABILITIES	71,888	-	-	-	-	71,888
300	TOTAL LIABILITIES	431,164	205,140	-	98,054	11,401	745,759
EQUITY:							
501	Investment In General Fixed Assets	-	-	-	-	-	-
Contributed Capital:							
502	Project Notes (HUD)	-	-	-	-	-	-
503	Long-Term Debt - HUD Guaranteed	-	-	-	-	-	-
504	Net HUD PHA Contributions	-	-	-	-	-	-
505	Other HUD Contributions	-	-	-	-	-	-
507	Other Contributions	-	-	-	-	-	-
508	Total contributed capital	-	-	-	-	-	-

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
	Reserved fund balance:						
509	Reserved for Operating Activities:	-	-	-	-	-	-
510	Reserved for Capital Activities	-	-	-	-	-	-
511	Total reserved fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
512	Undesignated Fund Balance/ Retained Earnings	<u>3,501,213</u>	<u>128,688</u>	<u>149,126</u>	<u>(65,255)</u>	<u>-</u>	<u>3,713,772</u>
513	TOTAL EQUITY	<u>3,501,213</u>	<u>128,688</u>	<u>149,126</u>	<u>(65,255)</u>	<u>-</u>	<u>3,713,772</u>
600	TOTAL LIABILITIES AND EQUITY	<u>\$ 3,932,377</u>	<u>\$ 333,828</u>	<u>\$ 149,126</u>	<u>\$ 32,799</u>	<u>\$ 11,401</u>	<u>\$ 4,459,531</u>

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
REVENUE:							
703	Dwelling Rental Revenue	\$ 244,246	\$ -	\$ -	\$ -	\$ -	\$ 244,246
704	Tenant Revenue - Other	19,775	-	-	-	-	19,775
704	Other Revenue	220	-	-	-	-	220
705	Total tenant revenue	264,241	-	-	-	-	264,241
706	HUD PHA Grants	1,089,160	319,129	182,429	-	85,327	1,676,045
706	Capital Revenues	-	-	-	-	-	-
708	Other Government Grants	-	-	-	-	-	-
711	Investment Income - Unrestricted	-	-	-	-	-	-
712	Mortgage Interest Income	-	-	-	-	-	-
713	Income Portability	-	-	-	7,943	-	7,943
713	Section 8 Income	-	-	-	413,305	-	413,305
714	Fraud Recovery	-	-	-	-	-	-
715	Other Revenue	111	-	-	312	-	423
716	Gain or Loss on the Sale of Fixed Assets	-	-	-	-	-	-
720	Investment Income - Restricted	-	-	-	-	-	-
700	TOTAL REVENUE	1,353,512	319,129	182,429	421,560	85,327	2,361,957

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
EXPENSES:							
Administrative							
911	Administrative Salaries	155,120	-	-	29,574	-	184,694
912	Auditing Fees	10,640	-	-	3,000	-	13,640
912	Legal Expenses	14,560	-	-	-	-	14,560
912	Staff Training	1,356	-	-	-	-	1,356
912	Travel	4,676	-	-	-	-	4,676
913	Outside Management Fees	-	-	-	-	-	-
914	Compensated Absences	-	-	-	-	-	-
	Sundry - Other Admin Expense	72,308	58,725	60,655	-	-	191,688
914	Employee Ben, H&L Insurance	115,121	-	-	-	-	115,121
915	Employee Benefit Contributions - Administrative	26,278	-	-	1,584	-	27,862
972	Casualty Losses - Non-Capitalized	(6,211)	-	-	-	-	(6,211)
973	Replacement of Non - Expendable Property, Betterment, and Additions	5,332	-	-	-	-	5,332
973	Operating Expend for Prop Contra	(15,473)	-	-	-	-	(15,473)
916	Other Operating - Administrative	-	-	-	-	-	-
Tenant Services							
921	Tenant Services - Salaries	12,011	-	-	-	-	12,011
922	Relocation Costs	-	-	-	-	-	-
923	Employee Benefits Contributions - tenant services	-	-	-	-	-	-
924	Tenant Services - Other	-	-	-	-	-	-

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
Utilities							
931	Water	119,918	-	-	-	-	119,918
932	Electricity	26,276	-	-	-	-	26,276
933	Gas	103,928	-	-	-	-	103,928
934	Fuel	-	-	-	-	-	-
935	Labor	200,418	-	-	-	-	200,418
936	Garbage Disposal	49,087	-	-	-	-	49,087
937	Employee Benefits Contributions - Utilities	-	-	-	-	-	-
938	Other Utilities Expense	117,949	-	-	-	-	117,949
Ordinary maintenance & operation							
941	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-
942	Ordinary Maintenance and Operations - Materials & Other	76,496	-	-	15,774	-	92,270
943	Ordinary Maintenance and and Operations - Contract Costs	-	-	-	-	-	-
945	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
Protective services							
952	Protective Services - Other Contract Costs	-	-	-	-	-	-
953	Protective Services - Other	-	-	-	-	85,327	85,327
955	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-
General expenses							
961	Insurance Premiums	155,649	-	-	-	-	155,649
962	Other General Expenses	-	-	-	-	-	-
963	Payments in lieu of taxes	-	-	-	-	-	-
964	Bad Debt - Tenant Rents	-	-	-	-	-	-
965	Bad Debt - Mortgages	-	-	-	-	-	-
966	Bad Debt - Other	-	-	-	-	-	-
966	Contract Costs	29,681	-	-	-	-	29,681
966	Collection Losses	4,685	-	-	-	-	4,685
967	Interest Expense	-	-	-	-	-	-
968	Severance Expense	-	-	-	-	-	-
969	TOTAL OPERATING EXPENSES	1,289,946	58,725	60,655	49,932	85,327	1,544,585
970	OVER OPERATING EXPENSES	63,566	260,404	121,774	371,628	-	817,372
971	Extraordinary Maintenance	-	-	-	-	-	-
973	Housing assistance payments	-	-	-	366,036	-	366,036
974	Depreciation Expense	392,732	-	-	-	-	392,732
975	Fraud Losses	-	-	-	-	-	-

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
976	Capital Outlays - Governmental Funds	-	-	-	-	-	-
977	Debt Principal Payment - Governmental Funds	-	-	-	-	-	-
978	Dwelling Units Rent Expense	-	-	-	-	-	-
900	TOTAL EXPENSES OTHER FINANCING SOURCES	1,682,678	58,725	60,655	415,968	85,327	2,303,353
1001	Operating Transfers In	161,236	-	-	-	-	161,236
1002	Operating Transfers Out	-	(161,236)	-	-	-	(161,236)
1003	Operating Transfers From/To Primary Government	-	-	-	-	-	-
1004	Operating Transfers From/To Component Unit	-	-	-	-	-	-
1005	Proceeds From Notes, Loans and Bonds	-	-	-	-	-	-
1006	Proceeds From Property Sales	-	-	-	-	-	-
1010	SOURCES (USES)	161,236	(161,236)	-	-	-	-
1000	REVENUES OVER (UNDER) TOTAL	\$ (167,930)	\$ 99,168	\$ 121,774	\$ 5,592	\$ -	\$ 58,604

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
Memo							
Account							
Information							
1101	Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1102	Debt Principal Payments - Enterprise Funds	-	-	-	-	-	-
1103	Beginning Equity	3,124,398	29,520	572,097	(70,847)	-	3,655,168
1104	Prior Period Adjustments and Equity Transfers	544,745	-	(544,745)	-	-	-
1105	Changes in Compensated Absences Liability Balance (in the GLTDAG)	-	-	-	-	-	-
1106	Changes in Contingent Liability Balance (in the GLTDAG)	-	-	-	-	-	-
1107	Changes in Unrecognized Pension Transition Liability (in the GLTDAG)	-	-	-	-	-	-
1108	Changes in Special Term/Severance Benefits Liability (in the GLTDAG)	-	-	-	-	-	-
1109	Changes in Allowance For Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-
1110	Changes in Allowance For Doubtful Accounts - Other	-	-	-	-	-	-
1112	Depreciation "Add Back"	-	-	-	-	-	-
1113	Maximum Annual Contributions Commitment (per ACC)	-	-	-	183,446	-	183,446

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
HUD FINANCIAL DATA SCHEDULE - REVENUE AND EXPENSE DATA (Continued)
For the Year Ended September 30, 2002

Line Item #	Account Description	Public Housing	Capital Fund	CGP	Section 8	Drug Elimination	TOTAL
1114	Prorate Maximum Annual Contributions Applicable to a Period of less than twelve months	-	-	-	276,302	-	276,302
1115	Contingency Reserve, ACC Program Reserve	-	-	-	203,302	-	203,302
1116	Total Annual Contributions Available	-	-	-	663,050	-	663,050
1120	Unit Months Available	3,598	-	-	1,200	-	4,798
1121	Number of Unit Months Leased	3,188	-	-	1,010	-	4,198

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
COMPENSATION PAID TO BOARD MEMBERS
For the Year Ended September 30, 2002

The members of the Board of Commissioners are as follows:

<u>Commissioner</u>		<u>Annual Compensation</u>
Rev. Donald Brown	Chairman	\$ 840
Rev. Forell Bering	Vice Chairman	660
Priscella James		480
Pedro Fransisco		780
Kalanta Jackson		780

REBOWE & COMPANY

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

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

We have audited the basic financial statements of the **HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH** (the “**Housing Authority**”) as of and for the year ended September 30, 2002, and have issued our report thereon dated June 20, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the **Housing Authority’s** basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 02-1. We have also noted certain immaterial instances of noncompliance that we have reported to management of the **Housing Authority** in a separate letter dated June 20, 2003.

Internal Control Over Financial Reporting

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

purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management in a separate letter dated June 20, 2003.

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

Reboue & Company

June 20, 2003

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

A PROFESSIONAL CORPORATION

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

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

We have audited the compliance of the **HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH** (the "**Housing Authority**") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2002. The **Housing Authority's** major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the **Housing Authority's** management. Our responsibility is to express an opinion on the **Housing Authority's** compliance based on our audit.

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

As described in items 02-2 through 02-7, in the accompanying Schedule of Findings and Questioned Costs, the **Housing Authority** did not comply with requirements regarding HUD procurement procedures and tenant file maintenance procedures that are applicable to its major HUD programs as detailed in those items. Compliance with such procedures is necessary, in our opinion, for the **Housing Authority**, to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the **Housing Authority** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2002.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Rebowe & Company

June 20, 2003

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2002

<u>Federal Grantor Program Title</u>	<u>CDFA No.</u>	<u>Grant ID No.</u>	<u>Program Expenditures</u>
U.S. Department of Housing And Urban Development			
Direct Programs:			
Low-Income Housing			
Operating Subsidy	14.850 a*	FW-1422	\$ 1,089,160
Drug Elimination Program	14.854	FW-1422	85,327
Capital Fund Program	14.872*	FW-1422	319,129
Section 8 – Housing Choice Voucher	14.871*		413,305
Comprehensive Improvement Assistance Program	14.859		182,429
			<hr/>
Total			\$ 2,089,350
			<hr/>

* - Major program

See notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2002

NOTE 1 - GENERAL

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

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

	<u>Revenues</u>
Low Rent Public Housing	\$ 1,089,160
Comprehensive Improvement Assistance Program	182,429
Capital Fund Program	319,129
Drug Elimination Program	85,327
Section 8- Housing Choice Voucher Program	413,305
	<hr/>
Total	<u>\$2,089,350</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 5 - FEDERAL AWARDS

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

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2002

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Housing Authority.
2. No material weaknesses or reportable conditions in internal control over financial reporting relating to the audit of the basic financial statements are reported in the *Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. An instance of noncompliance material to the basic financial statements of the Housing Authority are reported in the *Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* referenced as 02-1 in section B of this report.
4. No material weaknesses or reportable conditions in internal control relating to the audit of major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the Housing Authority expresses a qualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule and include conditions referred to as 02-2 through 02-7 in section C of this report.
7. The programs tested as major programs are as follows:

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

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2002

A. SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Housing Authority did not qualify to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

COMPLIANCE

02-1 Audit Report Filing

Condition:

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

Criteria:

In accordance with Section 24 CFR 44 and LRS 24:514, 33:463, and/or 39:32 the audited financial statements are required to be filed within 6 months after the Housing Authority's fiscal year end.

Cause:

The Executive Director resigned during the fiscal year.

Effect:

The Housing Authority is not in compliance with LRS 24:514, 33:463, and /or 39:32 and Section 24 CFR 44. There are no questioned costs.

Recommendation:

We recommend that the Housing Authority advertise the invitations for audit proposals and complete the selection process in compliance with HUD procurement regulations to allow time for the completion for the audit and submission of the financial report by the state required deadline.

Management's Response:

See management's corrective action plan for their response.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2002

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

COMPLIANCE

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

Procurement

Condition:

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

Criteria:

The Housing Authority amended its procurement policy as of February 25, 2002 to reflect the requirements of HUD's handbook Section 7460.08. For procurements in the range of \$50-\$500, two quotations need to be solicited. For procurements in the range of \$500-\$2000 purchase orders should be awarded on the basis of the lowest price quotation received pursuant to either facsimile, telephone or written solicitation for three (3) qualified bids; whenever possible, one of the qualified bidders should be a State of Louisiana Certified Economically Disadvantaged Business. For procurements exceeding \$2000 but not \$10,000, purchase orders should be awarded on the basis of the lowest price quotation received pursuant to either facsimile or written solicitations for at least five (5) qualified bidders; whenever possible two (2) of the qualified bidders should be a State of Louisiana Certified Economically Disadvantaged Business. The Housing Authority has to publicly bid procurements greater than \$10,000 by obtaining sealed bids, or competitive or noncompetitive proposals, which must be approved by formal board resolution. A market analysis or procurement history review should be utilized for small or noncomplex procurements. For competitive procurements, a comparison of prices received in relation to the independent cost estimate should be performed to ensure that the price being paid is reasonable. For noncompetitive procurements, a cost analysis must be performed.

Cause:

The Housing Authority did not utilize purchase orders, or independent cost analysis and did not solicit bids.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2002

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

Effect:

For the following expenditure, three bids in writing either by mail or fax were not obtained. Further, there was no independent cost estimate prepared prior to solicitation.

<u>Date</u>	<u>Check#</u>	<u>Vendor Type</u>	<u>Amount</u>
11/20/02	46176	Supply company	\$2,886.84

The expenditure above is considered a questioned cost.

Recommendation:

We recommend that the Housing Authority implement a procedure to ensure compliance with procurement requirements. Procurements should be monitored regularly by staff that has been adequately trained in procurement regulations.

Management's Response:

See management's corrective action plan for their response.

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

Operating Fund Calculation of Operating Subsidy Budget

Condition:

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

Criteria:

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

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2002

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

Cause:

The Executive Director resigned during the fiscal year.

Effect:

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

Recommendation:

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

Management's Response:

See management's corrective action plan for their response.

02-4 Section 8 Housing Choice Vouchers – CFDA 14.871

Reasonable Rent

Condition:

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

Criteria:

The Housing and Urban Development requires that the Housing Authority follow the HUD requirements to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The Housing Authority's determination must consider unit attributes such as the location, quality, size, unit type, age of the unit, amenities, housing services, maintenance and utilities provided by the owner. This determination must be considered at the time of initial leasing, during the contract before any increase in the rent to owner, and at the Housing Assistance Payment contract anniversary if there is a five percent decrease in the published Fair Market Rent. The Housing Authority must also maintain records to document the basis of reasonable rent.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2002

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

Cause:

The Housing Authority was not aware of the requirement to document reasonable rent.

Effect:

The tenant's unit was not compared to other unassisted units; therefore rent was not determined to be reasonable. There are no questioned costs.

Recommendation:

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

Management's Response:

See management's corrective action plan for their response.

02-5 Section 8 Housing Choice Vouchers – CFDA 14.871

Utility Allowances

Condition:

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

Criteria:

HUD requires that the Housing Authority maintain an up-to-date utility allowance schedule. The Housing Authority must review utility rate data for each utility category each year and adjust its utility allowance schedule if there has been a rate change of 10 percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised (24 CFR section 982.517).

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2002

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

Cause:

The Housing Authority was unaware of the requirement to maintain utility allowance documentation in each tenant file.

Effect:

We tested 15 tenant files and noted only four had utility billing documentation in the file. One out of the fifteen (15) had a utility allowance schedule in the tenant's file. There was no other supporting documentation in the tenant files to determine if the current utility allowance schedule was used in determining the tenant's proper utility allowances. There are no questioned costs.

Recommendation:

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

Management's Response:

See management's corrective action plan for their response.

02-6 Section 8 Housing Choice Vouchers – CFDA 14.871

Housing Quality Standard Inspections

Condition:

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

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2002

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

Criteria:

The HUD requires that the Housing Authority follow certain procedures for units under the Housing Assistance Payment (HAP) contract that fail to meet Housing Quality Standards (HQS). The owner must correct HQS deficiencies within 30 calendar days or within a specified approved extension. If the owner does not correct the cited HQS deficiencies within the specified correction period, the Housing Authority should stop HAPs beginning no later than the first month following the specified correction period or terminate the contract. If the family caused the defects, the cited HQS deficiencies must be corrected during the specified correction period or the Housing Authority must promptly enforce the family obligations (24 CFR sections 982.158 (d) and 982.404).

Cause:

The Housing Authority was unaware of the requirement to maintain correspondence on file regarding failed Housing Quality Standard Inspections.

Effect:

We tested 15 tenant units and noted 3 of the tenant units failed the Housing Quality Standard Inspections and noted no supporting correspondence was maintained in the tenant's file notifying the Landlord to correct the deficiencies, no supporting documentation to terminate the Housing Assistance Payment contract with the Landlord and the tenant was not relocated to another unit.

Recommendation:

We recommend that the Housing Authority follow Housing and Urban Development's requirements for units under HAP contracts that fail to meet Housing Quality Standards.

Management's Response:

See management's corrective action plan for their response.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2002

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

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

Uniform Physical Condition Standard Inspections

Condition:

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

Criteria:

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

Cause:

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

Effect:

We tested 15 tenant units and noted 3 of the tenant units did not have completed (UPCS) forms in the file.

Recommendation:

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

Management's Response:

See management's corrective action plan for their response.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana

STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2002

01-1a Lack of Supporting Documentation

Condition:

Management did not maintain adequate documentation for expenditures.

Current Status:

Unresolved. See Observation 02-2 and 02-3 in a separately issued management letter dated June 20, 2003.

01-2a Excess Budget

Condition:

The Housing Authority exceeded the Public Housing Low Rent budget for all line item accounts.

Current Status:

Resolved.

01-3a Procurement

Condition:

During disbursement testing, there were instances of noncompliance by management with the Housing Authority's Procurement Policy, state bid law, and HUD regulations. There were no Requests for Proposals (RFP) and written contracts maintained on file.

Current Status:

Progress was noted; however, see Finding 02-2.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana**

**STATUS OF PRIOR AUDIT FINDINGS (CONTINUED)
For the Year Ended September 30, 2002**

01-4a Section 8 MOD Rehabilitation Program – CFDA 14.856

Statistical HUD Requirements

Condition:

The Housing Authority was unable to determine the amount of leased units, and housing assistance payments to the landlords.

Current Status:

Resolved.

01-5a Payroll

Condition:

The Housing Authority hired employees, but recorded them as contractors. There was no supporting documentation i.e. contracts on file; procurement procedures and civil service regulations were not properly followed.

Current Status:

Resolved.

01-6a Monthly Financial Statements

Condition:

Management did not provide the fee accountant timely documentation for monthly financial statement reporting.

Condition:

Resolved.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana

STATUS OF PRIOR AUDIT FINDINGS (CONTINUED)
For the Year Ended September 30, 2002

01-7a Audit Report Filing

Condition:

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

Current Status:

Unresolved. See Finding 02-1.

01-8a Procurement

Condition:

The Housing Authority utilized funds from the Comprehensive Fund Program and Drug Elimination Program to pay for security services without a Request for Proposal or written contract on file.

Current Status:

Resolved.

01-9a Intentionally left blank

01-10a Intentionally left blank

01-11a Financial Deficiencies

Condition:

The following accounts could not be confirmed (Accounts payable) \$39,531, Prepaid Insurance (\$29,483), and payroll withholdings (\$116,916). The rent register report did not agree to the general ledger, differences of \$4,433 (tenant accounts receivable) and \$25,484 (tenant security deposits). The grant programs were charged costs higher than the budgeted deposits. The Financial Data Schedule was not submitted to the Housing and Urban Development in a timely manner. The Drug Elimination Program costs were recorded as fixed assets, instead of expenses. The Housing Authority did not have an attorney. There was a liability of \$35,662 in the legal expense account, and an unpaid invoice from an attorney. There was no financial monitoring of the Section 8 Housing Program.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana**

**STATUS OF PRIOR AUDIT FINDINGS (CONTINUED)
For the Year Ended September 30, 2002**

Current Status:

Progress was noted; however, see Observation 02-5 in a separately issued management letter dated June 20, 2003.

01-12a Deposits Over & Under Accountant

Condition:

Inadequate reporting by the outside fee accountant.

Current Status:

Resolved.

01-13a Payroll

Condition:

The Housing Authority submitted incorrect Quarterly wage reports.

Current Status:

Progress was noted; however, a liability of \$39,166 exists with the Internal Revenue Service.

01-14a Payroll

Condition:

The Housing Authority overpaid two Sheriff Deputies.

Current Status:

Resolved.

01-15a Credit Card Usage

Condition:

The Housing Authority utilized the credit card for personal use.

Current Status:

Resolved.

01-16a Overdrawn Bank Account & Incorrect Reporting

Condition:

The account was overdrawn and the recording was not properly reported.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana**

**STATUS OF PRIOR AUDIT FINDINGS (CONTINUED)
For the Year Ended September 30, 2002**

Current Status:

Unresolved. See Observation 02-5 in our separate management letter dated June 20, 2003.

01-17a Utility Expense

Condition:

The Housing Authority did not pay utilities based on invoices.

Current Status:

Resolved.

01-18a Conflict of Interest

Condition:

The Housing Authority had two relatives of the Board of Commissioners are (were) residents of the entity.

Current Status:

Resolved.

01-19a Budget Deficit

Condition:

The Housing Authority's Board of Commissioners approved a budget deficit of \$31,983.

Current Status:

Resolved.

01-20a Annual Reports

Condition:

The Annual Report was not reviewed by management and HUD.

Current Status:

Resolved.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana**

**STATUS OF PRIOR AUDIT FINDINGS (CONTINUED)
For the Year Ended September 30, 2002**

01-21a Commissioners Per Diem

Condition:

The Parish Council did not pass a resolution authorizing the Board of Commissioners to receive per diem.

Current Status:

Resolved.

01-22a Payroll

Condition:

Time cards were not maintained in an orderly fashion.

Current Status:

Resolved.

01-23a Single Audit

Condition:

Tenant files were incomplete and no documentation was provided to support the SEMAP form.

Current Status:

Unresolved. See Findings 02-4, 02-5, 02-6 and 02-7.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2002

SECTION B. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 02-1 Audit Report Filing

Recommendation:

The Housing Authority should advertise the invitations for audit proposals and complete the selection process in compliance with HUD procurement regulations to allow time for the completion for the audit and submission of the financial report by the state required deadline.

Contact:

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

Corrective Action:

An independent CPA firm has been contracted to perform the September 30, 2003, and the anticipated completion date is prior to the March 31, 2004.

Anticipated Completion Date:

Immediately.

SECTION C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Finding 02-2 Procurement

Recommendation:

The Housing Authority should implement a procedure to ensure compliance with procurement requirements. Procurements should be monitored regularly by staff that has been adequately trained in procurement regulations.

Contact:

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

Corrective Action:

A new procurement policy was implemented in 2002 and adherence will be strictly enforced.

Anticipated Completion Date:

Immediately.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana**

**MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)
For the Year Ended September 30, 2002**

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

Finding 02-3 Operating Fund Calculation of Operating Subsidy Budget

Recommendation:

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

Contact:

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

Corrective Action:

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

Anticipated Completion Date:

Immediately.

Finding 02-4 Reasonable Rent

Recommendation:

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

Contact:

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

Corrective Action:

All tenant files will be reviewed and updated to reflect appropriate documentation pertaining to reasonable rent.

Anticipated Completion Date:

September 30, 2004.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)
For the Year Ended September 30, 2002

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

Finding 02-5 Utility Allowances

Recommendation:

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

Contact:

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

Corrective Action:

All tenant files will be reviewed and updated to reflect appropriate documentation pertaining to proper utility allowances.

Anticipated Completion Date:

September 30, 2004.

Finding 02-6 Housing Quality Standards Inspections

Recommendation:

The Housing Authority should follow Housing and Urban Development's requirements for units under HAP contracts that fail to meet Housing Quality Standards.

Contact:

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

Corrective Action:

All tenant files will be reviewed and updated to reflect appropriate documentation pertaining to cited HQS deficiencies.

Anticipated Completion Date:

September 30, 2004.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LaPlace, Louisiana**

**MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)
For the Year Ended September 30, 2002**

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

Finding 02-7 Uniform Physical Condition Standard Inspections

Recommendation:

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

Contact:

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

Corrective Action:

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

Anticipated Completion Date:

Immediately.

**HOUSING AUTHORITY OF
ST. JOHN THE BAPTIST PARISH
Laplace, Louisiana**

Memorandum of Advisory Comments

September 30, 2002

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

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REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

A PROFESSIONAL CORPORATION

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June 20, 2003

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

We have audited the basic financial statements of the **HOUSING AUTHORITY OF ST. JOHN THE BAPIST PARISH**, Louisiana (the “**Housing Authority**”) for the year ended September 30, 2002 and have issued our report thereon dated June 20, 2003. As part of our audit, we considered the **Housing Authority’s** internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. We previously reported on the Housing Authority’s internal control in a separately issued report entitled *Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated June 20, 2003. This letter does not affect our report dated June 30, 2003 on the financial statements of the **Housing Authority**.

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

Sincerely,

Rebowe & Company

OBSERVATION 02-1: INVENTORY

We observed during our review of inventory that the Housing Authority's management did not maintain sufficient records of materials and supplies purchased in current and prior years.

RECOMMENDATION

We recommend a current listing of all materials and supplies be maintained on file.

CORRECTIVE ACTION PLAN

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

Action Planned - We concur with the observation and recommendation, and established a listing in November, 2002. The recommendation is implemented.

OBSERVATION 02-2: TRAVEL REIMBURSEMENTS

A mileage reimbursement was erroneously paid for a rate higher than the rate in the Housing Authority's policy. The approval rate in 2002 was .33 cents per mile. The amount paid was .45 cents per mile. The total excess reimbursement was \$57.04. The expense was approved and paid during the year under review. In addition, the Housing Authority reimbursed employees for mileage expenses without the vehicle's beginning and ending mileage on the odometer being included on the reimbursement form. The inclusion of the mileage on the form is required by the Housing Authority.

RECOMMENDATION

We recommend that the Executive Director verify the rates and mileage before disbursing reimbursements. The Executive Director should also review the mileage log periodically to ensure that it is adequately documented.

CORRECTIVE ACTION PLAN

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

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

OBSERVATION 02-3: PAYROLL

The Housing Authority was unable to locate payroll registers for the months of September and October, 2001 nor were they able to retrieve the data from their computer system.

RECOMMENDATION

We recommend that the Housing Authority maintain hard copies of the reports for a time period established by their record retention policy. We also recommend that the Housing Authority investigate their system capabilities to determine if reports generated in the past can be reproduced.

CORRECTIVE ACTION PLAN

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

Action Planned - We concur with the observation and recommendation, and have implemented a new computer system. The recommendation is implemented.

OBSERVATION 02-4: CHECK REGISTERS

During the audit period, check registers were maintained on file for the most recent six months of the year.

RECOMMENDATION

We recommend that the Housing Authority maintain check registers on file throughout the fiscal year.

CORRECTIVE ACTION PLAN

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

Action Planned - We concur with the observation and recommendation, and have implemented a new computer system. The recommendation is implemented.

OBSERVATION 02-5: TENANT SECURITY DEPOSITS

We observed that the cash account was overdrawn as of September 30, 2002 by \$34,524, and tenant security deposits were \$40,127.

RECOMMENDATION

We recommend that the Housing Authority maintain adequate cash in the bank account for tenant security deposits.

CORRECTIVE ACTION PLAN

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

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

OBSERVATION 02-6: RENTAL REGISTERS

We noted that rental registers did not agree to the general ledger. The total rental register revenue was \$256,438 and general ledger was \$244,246, which is a \$12,192 difference. We also noted that prepaid insurance was overstated in the amount of \$2,953.

RECOMMENDATION

We recommend that the Housing Authority agree the rental subsidiary ledgers to the general ledger.

CORRECTIVE ACTION PLAN

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

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