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ST. MARY PARISH HOUSING PROGRAM
STATE OF LOUISIANA

Annual Component Unit Financial Statements
with Independent Auditors' Report

and

Independent Auditors' Reports on Federal Financial
Assistance, Internal Accounting Control,
and Compliance

For the Year Ended September 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 8-21-96

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INDEPENDENT AUDITORS' REPORT

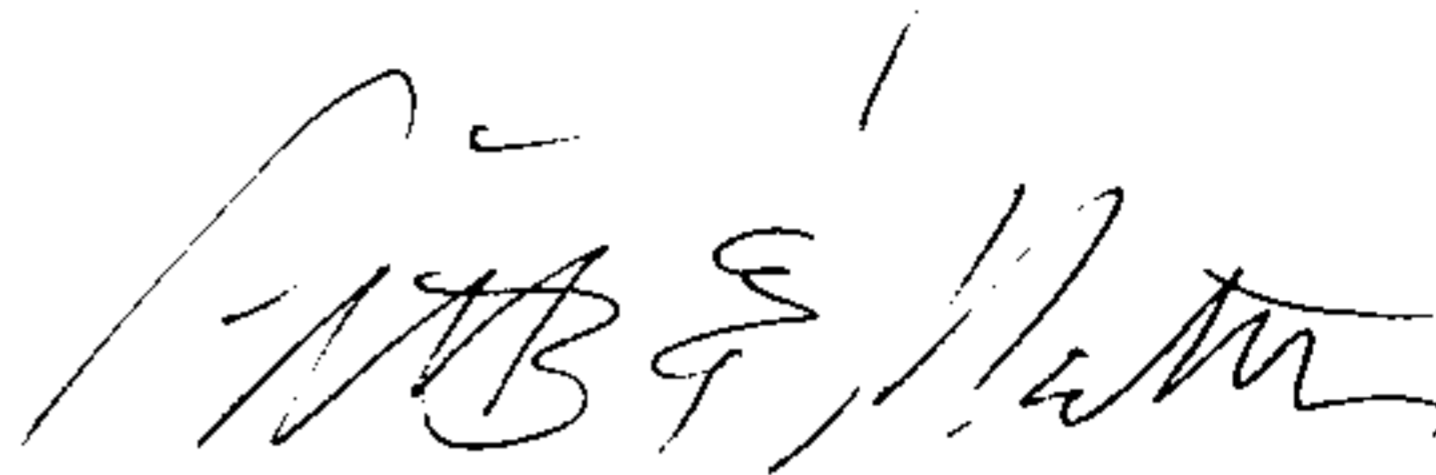
Mr. Jim Firmin, Administrator
St. Mary Parish Housing Program
Morgan City, Louisiana

We have audited the accompanying general purpose financial statements and the combining individual fund financial statements of the St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of September 30, 1995, and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the St. Mary Parish Housing Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Parish Housing Program, as of September 30, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the St. Mary Parish Housing Program, as of September 30, 1995, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 23, 1996, on our consideration of the St. Mary Parish Housing Program's internal control structure and a report dated May 23, 1996, on its compliance with laws and regulations.

A handwritten signature in black ink, appearing to read 'W. B. E. Martin', is written over the printed name of the firm.

CERTIFIED PUBLIC ACCOUNTANTS

May 23, 1996

ST. MARY PARISH HOUSING PROGRAM

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 1995

	<u>Governmental Fund Type Special Revenue Funds</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
ASSETS:			
Cash	\$151,594		\$151,594
Due from HUD	160,150		160,150
Fixed assets	<u> </u>	\$1,925	<u>1,925</u>
Total assets	<u>\$311,744</u>	<u>\$1,925</u>	<u>\$313,669</u>
 LIABILITIES AND EQUITY:			
Liabilities:			
Accounts payable	\$ 26,720		\$ 26,720
Contracts payable	12,292		12,292
Due to HUD	128,861		128,861
Deferred revenue	<u>127,636</u>	<u> </u>	<u>127,636</u>
Total liabilities	<u>295,509</u>	<u>--</u>	<u>295,509</u>
 Equity:			
Investments in general fixed assets		\$1,925	1,925
Fund balance	<u>16,235</u>	<u> </u>	<u>16,235</u>
Total equity	<u>16,235</u>	<u>1,925</u>	<u>18,160</u>
Total liabilities and equity	<u>\$311,744</u>	<u>\$1,925</u>	<u>\$313,669</u>

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

ST. MARY PARISH HOUSING PROGRAM
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 For the Year Ended September 30, 1995

	<u>Governmental</u> <u>Fund Type</u> <u>Special Revenue</u> <u>Funds</u>
Revenues:	
Federal grant	<u>\$1,342,638</u>
Total revenues	<u>1,342,638</u>
Expenditures:	
Health and welfare	
Housing assistance payments	537,722
Administrative costs	183,234
Construction/maintenance	<u>618,083</u>
Total expenditures	<u>1,339,039</u>
Excess of revenue over expenditures	3,599
Fund balance at beginning of year	<u>12,636</u>
Fund balance at end of year	<u>\$ 16,235</u>

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

ST. MARY PARISH HOUSING PROGRAM
CERTAIN SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
(SECTION 8 HOUSING - THE ENTITY'S ONLY BUDGETED FUND)
For the Year Ended September 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Federal grant	\$ <u>635,670</u>	\$ <u>618,780</u>	\$(<u>16,890</u>)
Expenditures:			
Health and welfare			
Housing assistance payments	557,000	537,722	19,278
Administrative costs	<u>78,670</u>	<u>77,484</u>	<u>1,186</u>
Total expenditures	<u>635,670</u>	<u>615,206</u>	<u>20,464</u>
Excess of revenue over expenditures	--	3,574	3,574
Fund balance at beginning of year	<u>1,658</u>	<u>8,532</u>	<u>6,874</u>
Fund balance at end of year	\$ <u><u>1,658</u></u>	\$ <u><u>12,106</u></u>	\$ <u><u>10,448</u></u>

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

ST. MARY PARISH HOUSING PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
September 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Mary Parish Housing Program administers the housing assistance programs for the Parish of St. Mary, excluding Morgan City.

The Home Disaster Relief Program was created by Congress and the President in part in response to damage caused by Hurricane Andrew. The objective of St. Mary Parish in implementing this program is to assist low-moderate income families in the Parish with their efforts to recover from the damages and effects of Hurricane Andrew.

The financial statements of the St. Mary Parish Housing Program have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the Program is a component unit and integral part of St. Mary Parish (the primary government.)

These financial statements include only the operations of the Program.

B. Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Governmental Fund

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Federal grants are recorded when the Program is entitled to the funds. Expenditures are recorded when the related fund liability is incurred.

D. Budgets

The program director develops a budget for operation of the program based upon the number of approved residential units to be funded. The grantor approves the number of units, the total grant funds, and the allocation of expenditures between administrative and housing assistance payments.

The budget is prepared on a basis which is consistent with generally accepted accounting principles.

The program does not utilize encumbrance accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

No annual budget is prepared for the Home Disaster Relief Program due to the nature of the program which is to perform major repairs or reconstruction on eligible housing units. This Program has a total project length budget, but it is not allocated to separate fiscal periods.

E. Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include demand deposits.

Cash and cash equivalents are stated at cost, which approximates market.

F. Deferred Revenue

Grants are generally recognized as revenue to the extent that expenses have been incurred for purposes specified by the grantor. The remaining balances are accounted for as deferred revenue.

The Section 8 Housing Program received \$67,636 from the Department of Housing and Urban Development. This amount of assistance represents grant dollars received by the Program for expenses to be incurred in the subsequent fiscal year.

The Home Disaster Relief Program received \$60,000 from the Department of Housing and Urban Development. This amount of assistance represents grant dollars received by the Program for construction projects to be performed in the subsequent fiscal year.

G. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets are valued at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

H. Memorandum Only - Total Column

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the Program's cash and cash equivalents was \$151,594 and the bank balance was \$364,117.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved.

Under the provision of the Governmental Accounting Standards Board (GASB) codification, accounts secured by pledged securities which are not in the name of the governmental unit are considered uncollateralized.

The following is a summary of the cash and cash equivalents, federal deposit insurance, and pledged securities as of April 30, 1995:

Cash and cash equivalents - stated value	<u>\$151,594</u>
Cash and cash equivalents - bank balance	364,117
Portion insured by federal deposit insurance	100,000
Collateralized by securities in the Program's name held by the Program or its agent	<u>NONE</u>
Balance uninsured and uncollateralized under GASB codification	264,117
Portion of deposits secured under Louisiana law	<u>264,117</u>
Amount unsecured under Louisiana law	<u>NONE</u>

NOTE 3 - CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed expenditures may constitute a liability of the Program. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, management of the Program believes disallowances, if any, to be immaterial.

NOTE 4 - FIXED ASSETS

A summary of the Program's fixed assets at September 30, 1995, follows:

	<u>Balance</u> <u>9/30/94</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/95</u>
Office Equipment	\$1,925	--	--	\$1,925
Total	<u>\$1,925</u>	<u>--</u>	<u>--</u>	<u>\$1,925</u>

COMBINING INDIVIDUAL FUND FINANCIAL STATEMENTS

ST. MARY PARISH HOUSING PROGRAM
SPECIAL REVENUE FUNDS
September 30, 1995

SECTION 8 HOUSING PROGRAM

The St. Mary Parish Housing Program administers the housing assistance programs for the Parish of St. Mary, excluding Morgan City

HOME DISASTER RELIEF PROGRAM

The Home Disaster Relief Program assists low-moderate income families in the Parish with their efforts to recover from the damages and effects of Hurricane Andrew.

ST. MARY PARISH HOUSING PROGRAM
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
September 30, 1995

	<u>Section 8 Housing</u>	<u>Home Disaster Relief</u>	<u>Totals</u>
ASSETS:			
Cash	\$ 87,465	\$ 64,129	\$ 151,594
Due from HUD	<u>147,858</u>	<u>12,292</u>	<u>160,150</u>
Total assets	\$ <u>235,323</u>	\$ <u>76,421</u>	\$ <u>311,744</u>
LIABILITIES AND EQUITY:			
Liabilities:			
Accounts payable	\$ 26,720		\$ 26,720
Contracts payable		\$ 12,292	12,292
Due to HUD	128,861		128,861
Deferred revenue	<u>67,636</u>	<u>60,000</u>	<u>127,636</u>
Total liabilities	<u>223,217</u>	<u>72,292</u>	<u>295,509</u>
Equity:			
Fund balance	<u>12,106</u>	<u>4,129</u>	<u>16,235</u>
Total equity	<u>12,106</u>	<u>4,129</u>	<u>16,235</u>
Total liabilities and equity	\$ <u>235,323</u>	\$ <u>76,421</u>	\$ <u>311,744</u>

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

ST. MARY PARISH HOUSING PROGRAM
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 1995

	<u>Section 8 Housing</u>	<u>Home Disaster Relief</u>	<u>Totals</u>
Revenues:			
Federal grant	\$ <u>618,780</u>	\$ <u>723,858</u>	\$ <u>1,342,638</u>
Total revenues	<u>618,780</u>	<u>723,858</u>	<u>1,342,638</u>
Expenditures:			
Health and welfare			
Housing assistance payments	537,722		537,722
Administrative costs	77,484	105,750	183,234
Construction/maintenance	<u> </u>	<u>618,083</u>	<u>618,083</u>
Total expenditures	<u>615,206</u>	<u>723,833</u>	<u>1,339,039</u>
Excess of revenue over expenditures	3,574	25	3,599
Fund balance at beginning of year	<u>8,532</u>	<u>4,104</u>	<u>12,636</u>
Fund balance at end of year	\$ <u><u>12,106</u></u>	\$ <u><u>4,129</u></u>	\$ <u><u>16,235</u></u>

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

FEDERAL FINANCIAL ASSISTANCE, INTERNAL ACCOUNTING
CONTROL, AND COMPLIANCE



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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE

Mr. Jim Firmin, Administrator
St. Mary Parish Housing Program
Morgan City, Louisiana

We have audited the general purpose financial statements and the combining individual fund financial statements of St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1995, and have issued our report thereon dated May 23, 1996. These financial statements are the responsibility of St. Mary Parish Housing Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of St. Mary Parish Housing Program 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 general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

May 23, 1996

ST. MARY PARISH HOUSING PROGRAM

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended September 30, 1995

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Housing and Urban Development</u> Housing - Federal Housing Commissioner			
Section 8 Rental Voucher Program	14.855	\$ 50,026	\$ 49,598
Section 8 Special Disaster Rental Voucher Program	14.855	29,276	28,884
* Section 8 Rental Certificate Program	14.857	539,478	536,724
*Home Disaster Relief Program	14.239	<u>723,858</u>	<u>723,833</u>
Total U.S. Department of Housing and Urban Devel- opment		<u>\$1,342,638</u>	<u>\$1,339,039</u>

*Denotes major program



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mr. Jim Firmin, Administrator
St. Mary Parish Housing Program
Morgan City, Louisiana

We have audited the general purpose financial statements and the combining individual fund financial statements of St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1995, and have issued our report thereon dated May 23, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of St. Mary Parish Housing Program is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments 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, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities 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 our audit of the general purpose financial statements of St. Mary Parish Housing Program for the year ended September 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

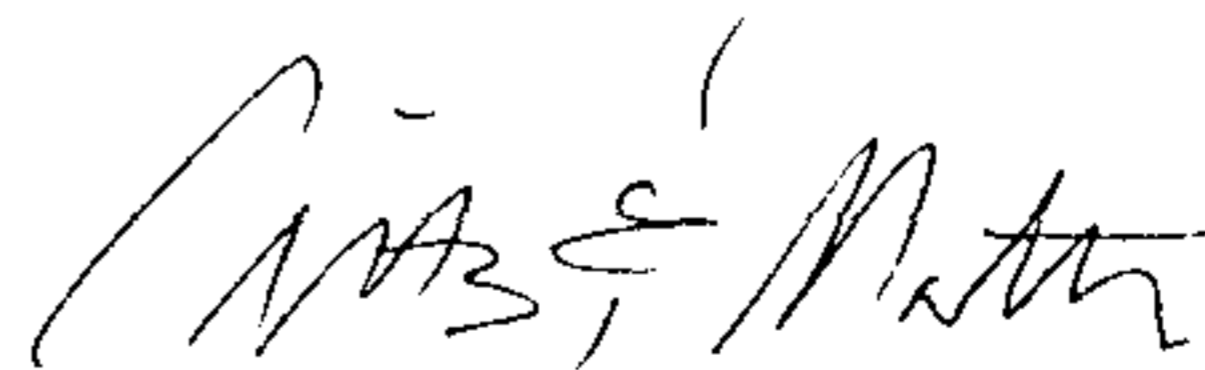
We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. This matter is included in the reportable condition section of this report.

A material weakness is a 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control 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, we believe none of the reportable conditions described above is a material weakness.

A similar letter dated July 27, 1995 for the year ended September 30, 1994, disclosed no material weaknesses in internal control.

This report is intended for the information of management, the finance committee of the St. Mary Parish Council, federal regulatory agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

May 23, 1996

REPORTABLE CONDITION

CASH DISBURSEMENTS

Auditors' Comment:

Condition: Pre-numbered checks used for cash disbursements were not being used in sequential order.

Criteria: Good internal control over cash disbursement includes accounting for the sequence of pre-numbered checks.

Effect: Weakness in internal controls over accounting for all checks used during the year.

Cause: Management used several groupings of checks during the year which were not in sequential order.

Management's Comment:

All voided or unused checks are accounted for in the financial records of the program. In an effort to improve financial management of the program, during the course of this audit year, management converted over to a new computer accounting program which required the use of a different style check. A supply of the new checks was ordered far in advance of the conversion to facilitate a timely transfer. When delivery was expected the supplier advised that there would be a thirty day delay in shipment. Management had to revert to the old accounting program for that month and used previously unused checks, some of which were out of sequence. The new system is now in operation and management has adopted a practice that will ensure a supply of 1,000 checks at the beginning of the fiscal year to avoid similar occurrences.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Mr. Jim Firmin, Administrator
St. Mary Parish Housing Program
Morgan City, Louisiana

We have audited the general purpose financial statements and the combining individual fund financial statements of St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1995, and have issued our report thereon dated May 23, 1996. We have also audited the compliance of St. Mary Parish Housing Program, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated May 23, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether St. Mary Parish Housing Program complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended September 30, 1995, we considered the internal control structure of St. Mary Parish Housing Program in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of St. Mary Parish Housing Program and on the compliance of St. Mary Parish Housing Program with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated May 23, 1996.

The management of the St. Mary Parish Housing Program is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments 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's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories.

INTERNAL ACCOUNTING CONTROLS

General procedures

Cash

Revenue, receivables, and receipts - governmental funds

Expenditures for goods and services and accounts payable

Grant and similar programs

FEDERAL PROGRAM ADMINISTRATIVE CONTROLS

General requirements

Political activity

Davis-Bacon Act

Civil Rights

Cash management

Relocation assistance and real property acquisition

Federal financial reports

Allowable costs/cost principles

Drug-Free Workplace Act

Administrative requirements

Specific requirements

Eligibility

Special reporting requirements

Procedures to review contract rent and utility allowances

Computation of administrative fee

Procedures to annually adjust contract rents and tenant utility allowances, upon request from the owner

Procedures to notify tenants of utility allowance adjustments

Procedures to inspect the project and review its operation at least annually

Procedures to conduct an initial and annually thereafter inspection of units

Allowable costs

Administrative and planning cost

Income targeting

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended September 30, 1995, the St. Mary Parish Housing Program expended 94% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of St. Mary Parish Housing Program's major federal financial assistance programs which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

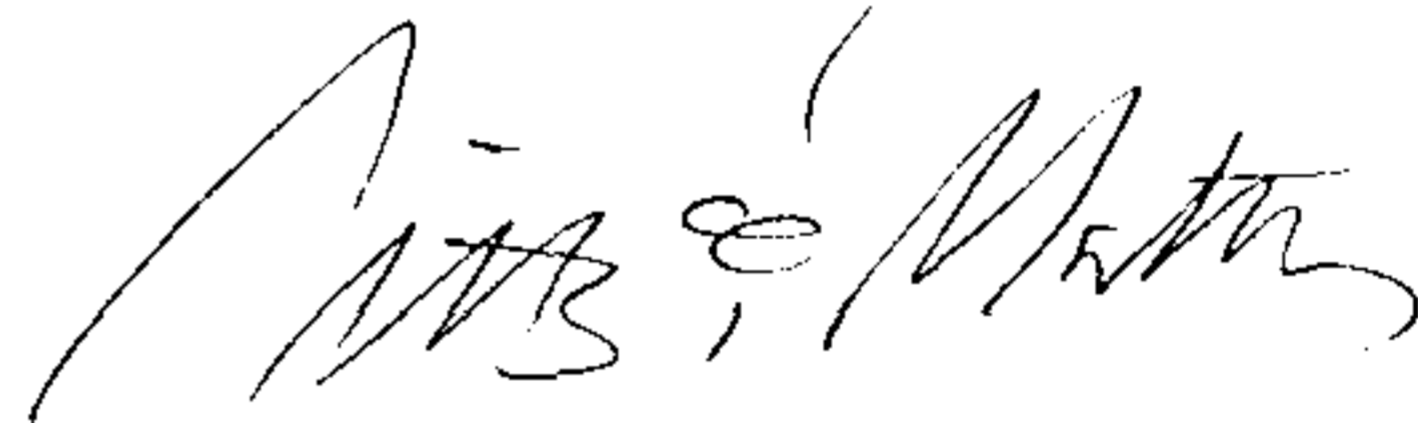
We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the St. Mary Parish Housing Program's ability to administer federal financial assistance programs in accordance with applicable laws and regulations. This matter is included in the reportable condition section of this report.

A material weakness is a 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 noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance 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, we believe the reportable condition described is not a material weakness.

A similar letter issued by us for the year ended September 30, 1994, dated July 27, 1995 reported no material weaknesses in relation to the federal financial assistance programs of the St. Mary Parish Housing Program.

This report is intended for the information of management, the finance committee of the St. Mary Parish Council, federal regulatory agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

May 23, 1996

REPORTABLE CONDITION

CASH DISBURSEMENTS

Auditors' Comment:

Condition: Pre-numbered checks used for cash disbursements were not being used in sequential order.

Criteria: Good internal control over cash disbursement includes accounting for the sequence of pre-numbered checks.

Effect: Weakness in internal controls over accounting for all checks used during the year.

Cause: Management used several groupings of checks during the year which were not in sequential order.

Management's Comment:

All voided or unused checks are accounted for in the financial records of the program. In an effort to improve financial management of the program, during the course of this audit year, management converted over to a new computer accounting program which required the use of a different style check. A supply of the new checks was ordered far in advance of the conversion to facilitate a timely transfer. When delivery was expected the supplier advised that there would be a thirty day delay in shipment. Management had to revert to the old accounting program for that month and used previously unused checks, some of which were out of sequence. The new system is now in operation and management has adopted a practice that will ensure a supply of 1,000 checks at the beginning of the fiscal year to avoid similar occurrences.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Mr. Jim Firmin, Administrator
St. Mary Parish Housing Program
Morgan City, Louisiana

We have audited the general purpose financial statements and the combining individual fund financial statements of St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1995, and have issued our report thereon dated May 23, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

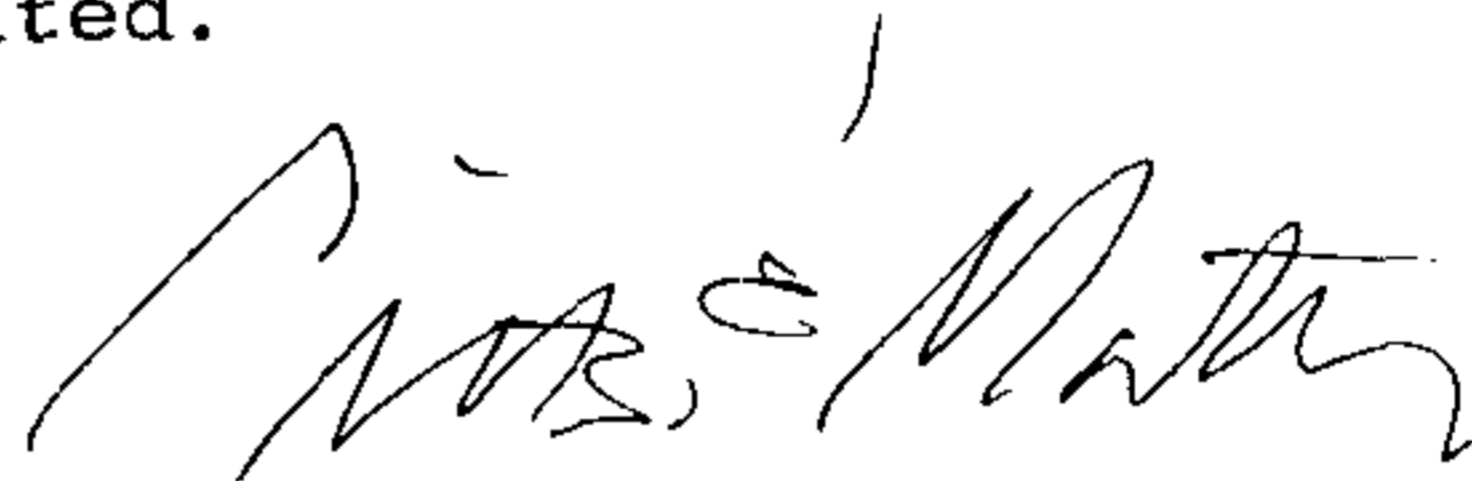
Compliance with laws, regulations, contracts, and grants applicable to St. Mary Parish Housing Program is the responsibility of St. Mary Parish Housing Program's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of St. Mary Parish Housing Program's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed one instance of material noncompliance that is required to be reported herein under Government Auditing Standards. This matter is included in the item of noncompliance section of this letter.

We considered this material instance of noncompliance in forming our opinion on whether the St. Mary Parish Housing Program's 1995 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated May 23, 1996 on those general purpose financial statements.

A similar letter issued by us dated July 27, 1995 for the period ended September 30, 1994, reported two instances of material noncompliance, one of which was corrected during 1995, and the other is repeated in this letter.

This report is intended for the information of management, the finance committee of the St. Mary Parish Council, federal regulatory agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "R. A. Mathy".

CERTIFIED PUBLIC ACCOUNTANTS

May 23, 1996

ITEM OF NONCOMPLIANCE

Auditors' Comments

Condition: Completion of annual audit has exceeded the deadline.

Criteria: State law requires that audits be completed within six months of the close of the entity's fiscal year.

Effect: Noncompliance with state law.

Cause: The underlying accounting data needed to perform the audit was not received in time to meet the six month deadline.

Management's Comments

During the first week of February, 1996, the auditor was given all of the books, requisitions, budgets, statements, etc., that had been requested of management on all housing and community development programs to that date. Some items, for one reason or another, had to be provided on more than one occasion.

Additional information has been provided as soon as possible after the request was received. One unusual sequence was that on or about March 20, 1996, management was requested to provide backup documentation on 25 checks pulled on the HOME housing rehabilitation program, then on about March 25, there was a request for backup documentation on 25 Section 8 checks, and on about March 28 or 29, a request was made for backup documentation for continuing liabilities on a number of additional HOME checks. It is recalled that by April 5th or 8th, all information was provided to the auditor except for 10 Section 8 checks, the documentation of which for those was provided the following Tuesday, April 16. Since that time all requests for additional information, the most recent being May 28, 1996, have been fulfilled within 24 hours. On a number of occasions the auditor's staff person has indicated that he was being delayed because he needed certain information, the same of which had already been provided on a previous occasion; and each time information was provided, when asked "Is anything else needed at this time?", the answer from them has been, "No I think we have everything."

Management notes that this year, the financial records were received and given to the auditor at the same time as several other housing authorities whose audits were completed within thirty to forty-five days, providing anticipation that the audit process would be completed on time.

It is the opinion of management that it has responded in a timely manner to requests for information and documentation. However, since it has taken nearly four months to perform this audit, we will continue to work to improve the process so that the financial records can be presented to the auditor in December following the end of the fiscal year.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Mr. Jim Firmin, Administrator
St. Mary Parish Housing Program
Morgan City, Louisiana

We have audited the general purpose financial statements and the combining individual fund financial statements of the St. Mary Parish Housing Program as of and for the year ended September 30, 1995 and have issued our report thereon dated May 23, 1996.

We have also audited the St. Mary Parish Housing Program's compliance with the requirements governing eligibility; special reporting requirements; procedures to review contract rent and utility allowances; computation of administrative fees; procedures to annually adjust contract rents and tenant utility allowances, upon request from the owner; procedures to notify tenants of utility allowance adjustments; procedures to inspect the project and review its operation at least annually; procedures to conduct an initial and annually thereafter inspection of units; allowable costs; administrative and planning cost and income targeting that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended September 30, 1995. The management of the St. Mary Parish Housing Program is responsible for the St. Mary Parish Housing Program's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our 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 Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we 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 St. Mary Parish Housing Program's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the St. Mary Housing Program complied, in all material respects, with the requirements governing eligibility; special reporting requirements; procedures to review contract rent and utility allowances; computation of administrative fees; procedures to annually adjust contract rents and tenant utility allowances, upon request from the owner; procedures to notify tenants of utility allowance adjustments; procedures to inspect the project and review its operation at least annually; procedures to conduct an initial and annually thereafter inspection of units; allowable costs; administrative and planning cost and income targeting that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1995.

This report is intended for the information of the finance committee of the St. Mary Parish Council, federal regulatory agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



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May 23, 1996



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE
GENERAL REQUIREMENTS APPLICABLE TO FEDERAL
FINANCIAL ASSISTANCE PROGRAMS

Jim Firmin, Administrator
St. Mary Parish Housing Program
Morgan City, Louisiana

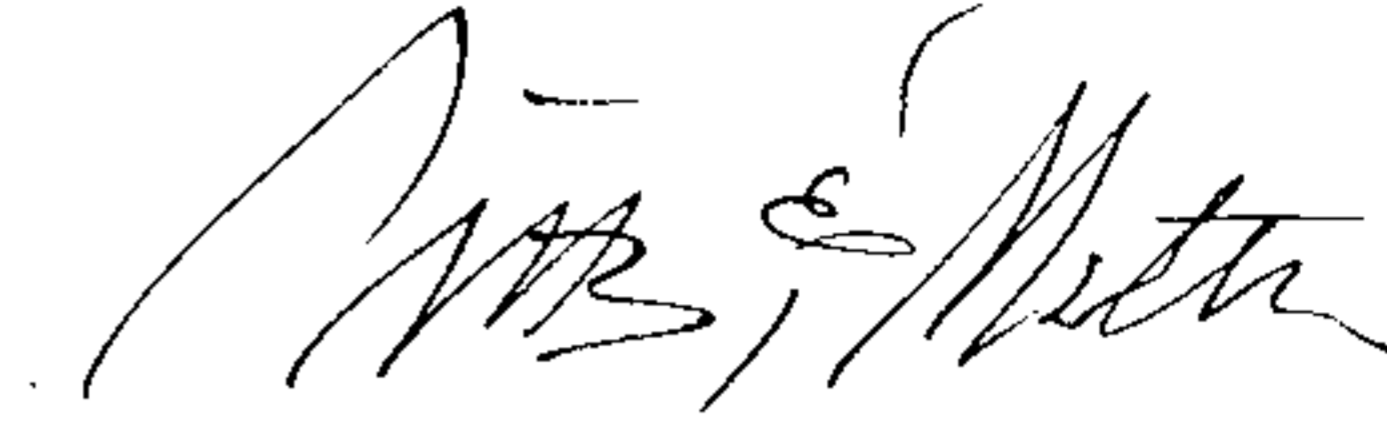
We have audited the general purpose financial statements and the combining individual fund financial statements of the St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1995, and have issued our report thereon dated May 23, 1996.

We have applied procedures to test St. Mary Parish Housing Program's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended September 30, 1995: political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property acquisition, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the St. Mary Parish Housing Program's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the St. Mary Parish Housing Program had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the finance committee of the St. Mary Parish Council, federal regulatory agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script, likely representing the firm mentioned in the text below. The signature is written in dark ink and is somewhat stylized.

CERTIFIED PUBLIC ACCOUNTANTS

May 23, 1996



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL
ASSISTANCE PROGRAM TRANSACTIONS

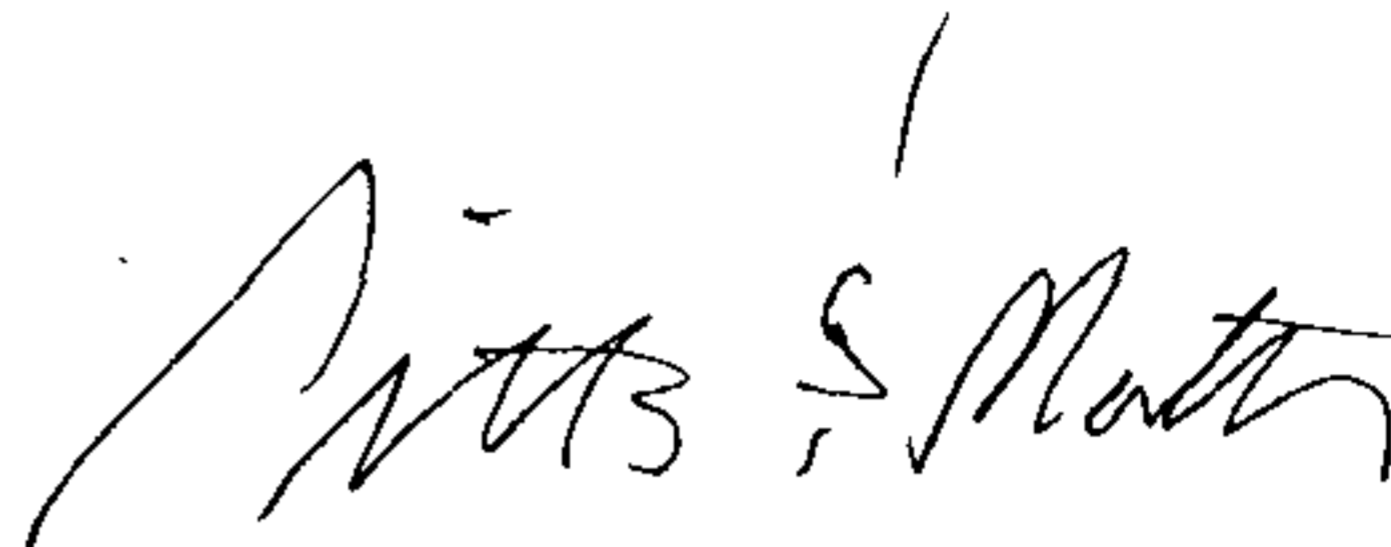
Mr. Jim Firmin, Administrator
St. Mary Parish Housing Program
Morgan City, Louisiana

We have audited the general purpose financial statements and the combining individual fund financial statements of the St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1995, and have issued our report thereon dated May 23, 1996.

In connection with our audit of the general purpose financial statements of the St. Mary Parish Housing Program, and with our consideration of the St. Mary Parish Housing Program's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended September 30, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing eligibility; special reporting requirements; procedures to review contract rent and utility allowances; computation of administrative fees; procedures to annually adjust contract rents and tenant utilities allowances, upon request from the owner; procedures to notify tenants of utility allowance adjustments; procedures to inspect the project and review its operation at least annually; procedures to conduct an initial and annually thereafter inspection of units that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the St. Mary Parish Housing Program's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the St. Mary Parish Housing Program, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the finance committee of the St. Mary Parish Council, federal regulatory agencies, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "Witts & Martin".

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May 23, 1996