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March 19 1966

**BROUSSARD HOUSING AUTHORITY
HUD SECTION 8 HOUSING PROGRAM
Broussard, Louisiana**

Financial Report

Year Ended March 31, 1966

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the district or territorial, county 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.

FEB 26 1966

Release Date _____

DARNALL, SIKES, KOLDER, FREDERICK & RAINY

(A CORPORATION IN THE STATE OF MISSISSIPPI)

MEMO

1. JAMES H. SIKES, JR.
2. JAMES H. SIKES, JR.
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19. JAMES H. SIKES, JR.
20. JAMES H. SIKES, JR.

MEMO
August 10, 1960, 10:00 AM

MANAGEMENT LETTER

The Board of Commissioners of
the Brownwood Housing Authority -
RSD Section 8 Program
Brownwood, Louisiana

During our audit of the general purpose financial statements of the Brownwood Housing Authority - RSD Section 8 Program for the year ended March 31, 1960, we noted certain areas in which improvements in the financial practices of the Housing Authority should be considered.

1) Minutes of the Board of Commissioners's Meetings

- a. The minutes of the meetings of the Board of Commissioners should include adequate detail of resolutions adopted. For instance, during the year, the Board adopted a travel policy; however, the Board's policy was not documented in the minutes or in a separate resolution.
- b. The minutes should be signed by both the secretary and the chairperson.

2) Cash Disbursements

We noted certain instances in which checks were made payable to cash or to the executive director for advances or reimbursement of expenses. In order to enhance the controls over disbursements, we offer the following suggestions:

- a. The Authority should not issue checks made payable to cash.
- b. The Authority should require that out-of-pocket expenses incurred by employees during travel and other circumstances be reimbursed after the submission of proper documentation.

3) Travel Policy

- a. The Authority should adopt a written travel policy. In the travel policy, mileage expenses covered by the car allowances and those considered to be extra costs to be reimbursed by the Authority should be defined.

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4. For other travel allowances should be awarded in order to comply with Federal guidelines.

We would like to express our appreciation to you and your office staff for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance in implementing any of our recommendations, please feel free to contact us.

Darnall, Sikas, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 21, 1986

	Exhibit	Page
Computation of annual contributions earned and project minimal - operating reserve changes - (RMS Bank)		
Housing Assistance Payments Program	2	39
Analysis of cash balance	3	40

In our opinion, because of the manner recorded as recited above discussed in the preceding paragraph, the general purpose financial statements referred to in the first paragraph do not present fairly in conformity with generally accepted accounting principles, the financial position of Broadband Housing Authority - HUD Section 8 Program as of March 31, 1996 or the results of its operations for the year then ended.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Housing Authority - HUD Section 8 Program. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to such general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, and the Consolidated Audit Guide for Audits of HUD Programs issued by the U.S. Department of Housing and Urban Development, we have also issued a report dated September 11, 1996 on our consideration of the Broadband Housing Authority - HUD Section 8 Program's internal control structure and reports dated September 11, 1996 on its compliance with laws and regulations and with specific requirements applicable to nonmajor HUD program transactions.

This report is intended solely for the information and use of the Board of Commissioners and management of the Broadband Housing Authority - HUD Section 8 Program and for filing with HUD. However, this report is a matter of public record and its distribution is not limited.

Darnell, Sims, Kollar, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 11, 1996

HOUSING HOUSING AUTHORITY
 HUD SECTION 8 PROGRAM
 Bossard, Louisiana

Combined Balance Sheet - Governmental Fund Type and Account Group
 March 31, 1984

	Governmental Fund Type <u>General</u>	Account Group General <u>Fixed Assets</u>	Totals <u>Comprehensive Basis</u>
ASSETS			
Cash	\$ 22,318	\$ -	\$ 22,318
Prepaid expenses	1,488	-	1,488
Receivables	58,215	-	58,215
Equipment	<u>-</u>	<u>21,016</u>	<u>21,016</u>
Total assets	<u>\$ 82,000</u>	<u>\$21,016</u>	<u>\$104,216</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable - HUD	\$ 87,183	\$ -	\$ 87,183
Accounts payable - other	4,558	-	4,558
Deferred revenue	<u>21,808</u>	<u>-</u>	<u>21,808</u>
Total liabilities	<u>\$113,549</u>	<u>-</u>	<u>\$113,549</u>
Fund equity (deficit):			
Investment in general fixed assets	-	21,016	21,016
Fund deficit - unreserved, undesignated	<u>(31,549)</u>	<u>-</u>	<u>(31,549)</u>
Total fund equity (deficit)	<u>(31,549)</u>	<u>21,016</u>	<u>(10,533)</u>
Total liabilities and fund equity	<u>\$ 82,000</u>	<u>\$21,016</u>	<u>\$104,216</u>

The accompanying notes are an integral part of this statement.

BOSSARD HOUSING AUTHORITY
 HUD SECTION 8 PROGRAM
 BOSSARD, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - Governmental Fund Type - General Fund
 Year Ended March 31, 1994

	1994		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Federal sources	\$111,636	\$276,668	\$165,032
Expenditures:			
Administrative	36,393	79,988	(43,595)
Audit costs	1,325	649	1,676
Housing assistance payments -			
Landlords and tenants	272,480	183,965	88,515
Portability	180	874	(794)
Capital outlay	-	1,380	(1,380)
Total expenditures	\$112,636	\$268,367	\$44,269
Deficiency of revenues over expenditures	-	(42,699)	(42,699)
Fund balance, beginning	8,368	8,368	-
Fund deficit, ending	\$ 8,368	\$(25,148)	\$(33,516)

The accompanying notes are an integral part of this statement.

BOSSARD HOUSING AUTHORITY
HUD SECTION 8 PROGRAM
Bossier, Louisiana

Notes to Financial Statements

(ii) Summary of Significant Accounting Policies

The Bossard Housing Authority was organized as an administrative entity for the Section 8 Housing Program on behalf of the Town of Bossard and the Parish of Lafayette, Louisiana. The Board of Commissioners for the Bossard Housing Authority (Section 8 Program Housing Authority) is appointed by the Mayor of the Town of Bossard for a term of six years. The purpose of the Housing Authority is to provide rental assistance to low and moderate income families in the Town.

The accounting and reporting policies of the Housing Authority conform to generally accepted accounting principles (GAAP) as applicable to governments.

The following is a summary of certain significant accounting policies.

4. Financial Reporting Entity

The Housing Authority has control over the hiring and retention of employees, authority over budgeting, responsibility of deficits, and the receipt and disbursement of funds. The Housing Authority is financially independent and operates autonomously from the Town of Bossard and the Parish of Lafayette, Louisiana. Therefore, the Housing Authority reports as an independent reporting entity.

5. Fund Accounting

The accounts of the Housing Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in the Individual Fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund and account group in the financial statements are described as follows:

General Fund

The General Fund consists of Section 8 Housing Assistance Payments received from the United States Department of Housing and Urban Development (HUD) resulting from annual contributions project number LA-118-0. Expenditures of the fund consist of payments to landlords and tenants and costs associated with the administration of housing assistance payments.

HOUSING FINANCING AUTHORITY
HFB SECTION 8 PROGRAM
Bossier, Louisiana

Notes to Financial Statements (Continued)

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the governmental fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

The account group is not a fund. It is concerned only with the measurement of financial position, not with measurement of results of operations.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement basis applied. The accompanying general purpose financial statements have been prepared on the modified accrual basis of accounting. The governmental fund uses the following practices in recording revenues and expenditures.

Revenues

Housing Assistance payments are recorded in the year earned. Interest earned on deposits is recorded or accrued as revenues when earned.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

D. Budget and Budgetary Accounting

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to December 31, the executive director submits to the United States Department of Housing and Urban Development (HUD) a proposed operating budget in the form of an estimate of total required annual contributions report.

HOUSING FINANCING AUTHORITY
HFB SECTION 6 PROGRAM
Brennard, Louisiana

Notes to Financial Statements (Continued)

2. After receiving approval from HUD and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Commissioners and approved by HUD. Such amendments were not material in relation to the original appropriations.

E. Cash

Cash includes amounts in demand deposits.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond March 31, 1994 are recorded as prepaid items.

G. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview 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 cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash

Under state law, the Housing Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. As March 31, 1994, the Housing Authority has cash (bank balances) totaling \$12,100, as follows:

Demand Deposits	<u>\$12,100</u>
-----------------	-----------------

HOUSING FINANCING AUTHORITY
NEW SECTION 8 PROGRAM
Baton Rouge, Louisiana

Notes to Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (and the resulting bank balances) must be covered by Federal deposit insurance. Deposit balances (bank balances) at March 31, 1976 are secured as follows:

Bank balances; secured by FDIC Insurance	\$55,518
--	----------

(3) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

Balance, April 1, 1975	\$20,526
Additions	1,568
Deletions	—
Balance, March 31, 1976	\$22,094

(4) Grant Audit

The Housing Authority receives grant funds for a specific purpose that is subject to review and audit by the United States Department of Housing and Urban Development (HUD). Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of HUD.

(5) Pension Plan

The Housing Authority participates in the Federal Social Security System. Contributions of \$2,322 were made during the year ended March 31, 1976.

(6) Change in HUD Regulations

On October 30, 1975, the prior year voucher for payment of annual contributions operating statement (Department of Housing and Urban Development (HUD) Report #3441), was amended for the change in computations of prior year liquidations from treatments of days to whole months, resulting in a net increase in fund balance of \$2,185, and changes in the method of determining per unit ongoing administrative fees, resulting in an increase in fund balance of \$1,125. The cumulative effect of these changes is reported as a restatement of beginning fund balance on April 1, 1975.

HOUSING HOUSING AUTHORITY
HUD SECTION 8 PROGRAM
BOSSIERO, Louisiana

Notes to Financial Statements (Continued)

(7) Violation of Laws and Regulations

During the year ending March 31, 1996, the Housing Authority violated certain laws and regulations for which the ultimate resolution cannot presently be determined. Accordingly, no provision for a liability, if any, that may result has been recognized in the 1996 financial statements. The violation is listed below.

Louisiana Revised Statutes

The authority violated Louisiana Revised Statutes 14:128 by paying a travel allowance in advance of services rendered.

(8) Liability Due to HUD

Included in the accompanying general purpose financial statements is accounts payable - HUD of \$87,187. The liability resulted from the Housing Authority expending administrative costs in excess of the annual contributions required for ongoing administrative fees for the program year ending March 31, 1996. This liability includes \$38,280 of questioned costs which are identified in a separate schedule included as supplemental information in the schedule of findings and questioned costs on pages 30-36.

HU's policy is to deduct overpayments of annual contributions on the year end settlement statement from the next Housing Assistance ("HAP") payment made once the year end settlement statement is processed. This would result in the Housing Authority not being able to cover its current operating expenditures. Management of the Authority has met with representatives of the HUD field office in an attempt to structure a payout schedule, or otherwise satisfy the authority's liability, however, it is not possible to predict at this time the success of management's efforts.

As a result of administrative costs spent in excess of annual administrative fees received, the General Fund had a deficit of \$33,148 at March 31, 1996.

BOEYARD SERVICE AUTHORITY
RUC RECEIPTS & PROGRAM
Newstead, Louisiana

Notes to Financial Statements (Continued)

(9) Departure from Generally Accepted Accounting Principles (GAAP)

Indicated in the balance of receivables at March 31, 1976 is \$24,490 which consists of the following:

Costs expected to be reimbursed:	
Litigation fees	\$17,385
Lead paint testing	4,150
Inspections	480
Travel associated with litigation	2,718
RAF payments being held by Registry of the Trust	<u>22,127</u>
	<u>\$24,490</u>

Management has made attempts to have these costs reimbursed by HUD; however, HUD has not provided written commitment to reimbursing any of these expenditures. Therefore, in our opinion, while the receivable balance is measurable, it is not available and does not conform with generally accepted accounting principles. If the financial statements were modified for that departure from generally accepted accounting principles, receivables would be decreased by \$24,490, expenditures would be increased by \$24,490, fund balance would be decreased by \$24,490 as of March 31, 1976, and net loss would be increased by \$24,490 for the year then ended.

SUPPLEMENTAL INFORMATION

INTERNAL CONTROL, COMPLIANCE
AND
OTHER KEY INFORMATION

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

a CORPORATION ORGANIZED UNDER MISSISSIPPI

1946

1101 Lake Street, 2nd
C. Darnall, President
D. Sikes, Vice President
E. Kolder, Secretary
F. Frederick, Treasurer
G. Rainey, Controller

MEMO

Report to Board, May 1946

Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

1101 Lake Street, 2nd
C. Darnall, President
D. Sikes, Vice President
E. Kolder, Secretary
F. Frederick, Treasurer
G. Rainey, Controller

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Building, 1st Floor
New Orleans, La.
70112-1000

The Board of Commissioners of
the Boardward Housing Authority -
HUD Section 8 Program
Bossierard, Louisiana

We have audited the general purpose financial statements of the Boardward Housing Authority - HUD Section 8 Program for the year ended March 31, 1946, and have issued our report thereon dated September 11, 1946. In our report, our opinion was adverse because of the amount recorded as receivables resulting in a departure from generally accepted accounting principles as discussed in Note 9 of the Notes to the general purpose financial statements.

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-133, Results of State and Local Governments. These standards and OMB Circular A-133 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 Board of Commissioners of the Boardward Housing Authority - HUD Section 8 Program are 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 recorded 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 at 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 the Boardward Housing Authority - HUD Section 8 Program for the year ended March 31, 1946, we obtained an understanding of the internal control

REPORT OF
INDEPENDENT AUDITORS OF
GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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 general purpose 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 needing to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, 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.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees the Authority did not have adequate segregation of functions within the accounting systems.

Recommendation:

Based upon the size of the operation and the cost/benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

Inadequate Documentation of Disbursements

Finding:

The Authority did not maintain adequate documentation for costs in the form of advances used by employees during business related travel.

Recommendation:

Detailed documentation should be maintained for all costs.

Response:

The individual involved is no longer a member of the governing body of this Authority. In the future, all purchases will be supported by adequate documentation.

Each Management of Expenditures

Finding:

During the year, the Housing Authority incurred expenditures relating to the administration of the Section 8 program in excess of HUD approved budget amounts. This was a result of the absence of controls over monitoring administrative costs.

Recommendation:

The Housing Authority should implement policies and procedures in order to operate the program within the budget approved by HUD.

Response:

The executive director and board of commissioners of the Authority will evaluate all expenditures and decrease those where appropriate in order to operate within the approved and available budget amounts.

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 the reportable conditions described above are material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Housing Authority - HUD Section 8 Program for the year ended March 31, 1996.

We also noted other matters involving the internal control structure and its operation that we have reported to the Board of Commissioners of the Housing Authority - HUD Section 8 Program in a separate letter dated September 11, 1996.

This report is intended solely for the use of management and the Department of Housing and Urban Development and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Dunnell, Sizer, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 11, 1996

Violation of Louisiana Revised Statutes Regarding Advances

Finding:

The Hearing Authority paid our allowances to the executive director in advance of services rendered. This is a violation of LSA R.S. 14:138.

Recommendation:

Payments to employees should not be paid in advance of services rendered.

Response:

The overpayment of advances was an oversight which will be corrected. Advances will not be made in the future.

Submission of Financial Report

Finding:

The Hearing Authority did not comply with Louisiana Revised Statutes regarding the submission of the audited financial report to the Legislative Auditor within six months of March 31, 1996.

Recommendation:

The Hearing Authority should submit the required audited financial report to the Legislative Auditor within the time period allowed in accordance with Louisiana Revised Statutes.

Response:

Efforts will be made in future audits to attempt to resolve any concerns with HUD so that answers may be obtained and available to insure timely completion of future audits.

We have also identified irregularities and instances of noncompliance that are described in the accompanying Schedule of Findings and Questioned Costs.

We considered these instances of noncompliance in forming our opinion on whether the Breunard Hearing Authority - HUD Section 8 Program's 1994 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 September 11, 1996, on these general purpose financial statements.

This report is intended solely for the use of management and the Department of Housing and Urban Development and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Darnall, Hicks, Kaldor, Frederick & Rainey

A Corporation of Certified Public Accountants

Baton Rouge, Louisiana
September 15, 1968

are safeguarded against loss from unauthorized use or disposition, transactions are recorded 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 the federal financial assistance program in the following categories:

Accounting Controls

Receipts/revenues
Purchases/disbursements
Payroll
Fixed assets
General ledger

Administrative Controls

<u>General Requirements</u>	<u>Special Requirements</u>
<ul style="list-style-type: none"> Political activity Civil rights Cash management Federal financial reports Allowable costs/loan principles Drug-Free Workplace Act Administrative requirements 	<ul style="list-style-type: none"> Eligibility Anti-inflation Contract work and utility allowance reimbursement

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 March 31, 1994, the Broadband Housing Authority (BHA) - Section 8 Program had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance program: Section 8 Housing Assistance - Project # LA-138-C.

We performed tests of controls, as required by OMB Circular A-118 and the Guide, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements and general requirements that are applicable to the aforementioned nonmajor program. 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 judgment, would adversely affect the Housing Authority's ability to administer Federal financial assistance programs in accordance with applicable laws and regulations.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees the Authority did not have adequate segregation of functions within the accounting systems.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

Inadequate Documentation of Disbursements

Finding:

The Authority did not maintain adequate documentation for costs in the form of advances used by employees during business related travel.

Recommendation:

Detailed documentation should be maintained for all costs.

Response:

The individual involved is no longer a member of the governing body of this Authority. In the future, all purchases will be supported by adequate documentation.

Cash Management of Expenditures

Finding:

During the year, the Housing Authority incurred expenditures relating to the administration of the Section 8 program in excess of HUD approved budget amounts. This was a result of the absence of controls over monitoring administrative costs.

Recommendation:

The Housing Authority should implement policies and procedures in order to operate its program within the budget approved by HUD.

Response:

The executive director and board of commissioners of the Authority will evaluate all expenditures and decrease them where appropriate in order to operate within the approved and available budget amounts.

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 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 the reportable conditions described above are material weaknesses as defined above. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the compliance of the Housing Authority, with requirements applicable to its Federal financial assistance program for the year ended March 31, 1978, and this report does not affect our report thereon dated September 11, 1978.

We also noted other matters involving the internal control structure and its operation that we have reported to the Board of Commissioners of the Economic Housing Authority - HUD Section 8 Program in a separate letter dated September 11, 1978.

This report is intended solely for the use of management and the Department of Housing and Urban Development and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Dornell, Hays, Kollar, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 15, 1978

We considered these material instances of noncompliance in forming our opinion on whether the Broussard Housing Authority - HUD Section 8 Program's 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 September 11, 1998, on those financial statements.

Except as described above, the results of our procedures to determine compliance indicate that, with respect to the items tested, the Broussard Housing Authority - HUD Section 8 Program, complied, in all material respects, 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 Broussard Housing Authority - HUD Section 8 Program had not complied, in all material respects, with those requirements. However, the results of our procedures also disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended solely for the use of management and the Department of Housing and Urban Development and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kaldor, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 11, 1998

This report is intended solely for the use of management and the Department of Housing and Urban Development and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Darvall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 11, 1988

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OFFICE FILING STATEMENT)

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1. Location: 200
2. Address: 200
3. City: 200
4. State: 200
5. Zip: 200
6. Telephone: 200
7. Fax: 200
8. E-mail: 200
9. Website: 200
10. Other: 200

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Independent Auditor's Report on Schedule of Federal Financial Assistance

The Board of Commissioners of
the Broward Housing Authority -
HUD Section 8 Program
Broward, Louisiana

We have audited the general purpose financial statements of the Broward Housing Authority - HUD Section 8 Program for the year ended March 31, 1996, and have issued our report thereon dated September 11, 1996. In our report, our opinion was adverse because of the amount recorded as receivables resulting in a departure from generally accepted accounting principles as discussed in Note 2 of the Notes to the general purpose financial statements. These financial statements are the responsibility of the Housing Authority'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 and Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of the Office of Management and Budget Circular A-133, Standards of State and Local Governments and the Consolidated Audit Guide of HUD Programs (the "Guide"), issued by the U. S. Department of Housing and Urban Development, Office of the Inspector General in July 1995. These standards, OMB Circular A-133 and the Guide 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 in accordance with these standards 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 general purpose 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 the Broward Housing Authority - HUD Section 8 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 stated in all material respects in relation to the general purpose financial statements taken as a whole.

STATE OF
LOUISIANA
DEPARTMENT OF REVENUE
OFFICE OF THE COMPTROLLER
GENERAL OF ACCOUNTS
BAGNOLLE, LOUISIANA

Our report on the general purpose financial statements referred to contains
that raise substantial doubts about the Housing Authority's ability to continue as
a going concern.

Darnall, Sikes, Kaldor, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 12, 1996

MISSISSIPPI RECEIPTS AUTHORITY
 805 HOOVER B BUILDING
 BILOXI, MISSISSIPPI

Schedule of Federal Financial Assistance
 Year Ended March 31, 1998

<u>Federal Grants/Program Title</u>	<u>Federal CFR Budget</u>	<u>Project Budget</u>	<u>Program or Award Amount</u>	<u>Receipts or Excess Encapsulated</u>
<u>U. S. Department of HUD Housing Program - Section 8 Housing Assistance</u>	14-196	14-1960	891,695	824,489

REGULATED MEDICINE AUTHORITY
REG. SECTION 8 PROGRAM
Bossier, Louisiana

Schedule of Findings and Questioned Costs
Year Ended March 31, 1984

	<u>Number of Findings Noted</u>	<u>Questioned Costs</u>
1. Finding/Noncompliance:	1	\$ 662
<p>Unreimbursed cash advances were not supported by any documentation. The cases are undocumented and are, therefore, considered questioned costs.</p>		
<p>Recommendation:</p> <p>Adequate documentation should be obtained for all costs. The Authority should collect unowed advances from employees and reimburse RMD.</p>		
<p>Response:</p> <p>The individuals who authorized and signed these disbursements are no longer members of the Board of this Authority. The current management realizes this was noncompliance and will refrain from these practices in the future.</p>		
2. Finding/Noncompliance:	3	143
<p>Documentation for the purchases of books while attending a conference contained in detail to substantiate the purchase. Physical evidence of the purchase was not available at the time of the audit. The cost is not supported by adequate documentation and is, therefore, considered a questioned cost.</p>		
<p>Recommendation:</p> <p>Adequate documentation should be maintained for all costs.</p>		
<p>Response:</p> <p>The individual involved in the purchase of these items is no longer a member of the governing body of this Authority. In the future, all purchases will be supported by adequate documentation.</p>		

HOUSLAND HOUSING AUTHORITY
HUD SECTION 8 PROGRAM
Bossier, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended March 31, 1984

	Number of Findings Referred	Questioned Costs
3. Finding/Noncompliance:	3	\$ 36
<p>Alcoholic beverages were purchased with federal funds. Alcoholic beverages are specifically excluded under the general requirements of OMB Circular A-128. The costs are subject to disallowance and referred to HUD.</p>		
<p>Recommendation:</p> <p>Management should be aware of costs unallowable for the grant program.</p>		
<p>Response:</p> <p>The individual involved in the purchase of these items is no longer a member of the governing body of this Authority. In the future, all purchases will be within the applicable requirements and will be for allowable purposes.</p>		
4. Finding/Noncompliance:	3	\$87
<p>The Authority paid for meals for commissioners after a board meeting and other employee meals in town. OMB Circular A-87 allows travel costs for expenses incurred by employees in travel status as official business incident to a grant program. Meals for entertainment are specifically unallowable under the general requirements of OMB Circular A-128. The costs are subject to disallowance and referred to HUD.</p>		
<p>Recommendation:</p> <p>Management should be aware of costs unallowable for the grant program.</p>		
<p>Response:</p> <p>Current management is aware of costs that are allowable for the grant program and refrains from the purchase of unallowable costs in the future.</p>		

HOUSING HOURLING AUTHORITY
HUD SECTION 8 PROGRAM
Bossier, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended March 31, 1996

	<u>Number of Findings Noted</u>	<u>Questioned Costs</u>
3. Findings/Noncompliance:	1	\$ 35
<p>The documentation provided for cash purchases made during a trip consisted of descriptions such as "rooming, film and cards." The costs are not supported by adequate documentation and, also, may not be considered necessary for the Section 8 program, therefore, were considered to be questioned costs.</p>		
Recommendation:		
<p>Adequate documentation should be maintained for all costs. Also, the Housing Authority should be aware of costs qualified for the grant program.</p>		
Response:		
<p>The individual involved in these purchases is no longer a member of the governing body of this Authority. In the future, the Housing Authority will refrain from making any such purchases.</p>		
4. Findings/Noncompliance:	1	165
<p>Documentation for a cash payment of carpenter work consisted of a handwritten receipt containing inadequate descriptions of services performed and the person paid. The costs are not supported by adequate documentation and are, therefore, considered questioned costs.</p>		
Recommendation:		
<p>Adequate documentation should be maintained for all costs.</p>		
Response:		
<p>The individual involved in these purchases is no longer a member of the governing body of this Authority. In the future, the Housing Authority will refrain from making any such purchases.</p>		

HOUSING AUTHORITY
HUD SECTION 8 PROGRAM
Bossier, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended March 31, 1986

	Number of Findings Found	Questioned Costs
1. Finding/Noncompliance:	1	\$ 40

The Authority purchased two bifold doors. Only one door was visible at the Housing Authority office. The cost is not associated with the grant program and is, therefore, considered a questioned cost subject to disallowance and refund to HUD.

Recommendation:

The Housing Authority should establish control policies and procedures in order to ensure the safe-guarding of assets and proper procurement of repairs and supplies.

Response:

The individual involved in this purchase is no longer a member of the governing body of this Authority. In the future, the Housing Authority will refrain from making any such purchases. This cost was subsequently reimbursed to the Authority by the individual upon notification of the questioned cost.

2. Finding/Noncompliance:	1	\$ 24
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An invoice for building parts associated with repairs to the office indicated that no item on the invoice had been returned; however, there was no evidence of a replacement item purchased. The cost is unaccounted and is, therefore, considered a questioned cost. The cost is subject to disallowance and refund to HUD.

Recommendation:

Adequate documentation should be maintained for all costs.

Response:

The individual involved in the purchase of these items is no longer a member of the governing body of this Authority. In the future, all purchases will be supported by adequate documentation.

BOUSSARD HUNTING AUTHORITY
HUB SECTION 9 PROGRAM
Broussard, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended March 31, 1996

	Number of Findings Ident.	Questioned Costs
9. Finding/Noncompliance:	1	\$ 198
<p>The Authority paid for meals for 2 persons while attending a seminar in Cincinnati, Ohio. The cost exceeded federal guidelines of \$26 per person and was not supported by adequate documentation. The cost is subject to disallowance and refund to HUD.</p>		
<p>Recommendation:</p> <p>The Hunting Authority should establish policies and procedures over meal reimbursements which comply with federal guidelines.</p>		
<p>Response:</p> <p>The individual who authorized this expenditure is no longer a member of the governing body of this Authority. Future expenditures of this nature will be made within allowable guidelines.</p>		
10. Finding/Noncompliance:	1	358
<p>The Hunting Authority pays the executive director \$350 per month as a car allowance. During the year, the executive director should have been paid \$4,200 (12 months at \$350 per month for February 1995 through March 1996). A total of \$5,250 was paid (15 months at \$350 per month). Payments to public employees for services not rendered is a violation of LSA R.S.14:139 and is therefore an allowable cost under HUD Circular A-87 subject to refund to HUD.</p>		
<p>Recommendation:</p> <p>Payments to employees should not be made in advance of services rendered.</p>		

**HOUSING HOUSING AUTHORITY
AND SECTION 8 PROGRAM
Revenue, Louisiana**

**Schedule of Findings and Questioned Costs (Continued)
Year Ended March 31, 1976**

	<u>Number of Findings Noted</u>	<u>Questioned Costs</u>
Response:	8	
<p>The overpayment was an oversight which will be corrected. Advances will not be made in the future.</p>		
Subtotal	-	<u>1,826</u>
11. Funding/Noncompliance:	-	18,374

During the year, the Housing Authority overpaid its ongoing administrative fees earned, resulting in a liability of \$87,182 on the 1976 year-end settlement statement due to HUD for excess funds advanced during the year, which could not be recovered from its beginning of the year surplus of \$6,748. According to OMB Circular A-87, costs incurred that do not reflect the actions of a prudent person are unnecessary or unreasonable costs and are, therefore, questioned costs which may not be allowed by HUD. In calculating the amount of unnecessary or unreasonable costs, we removed extraneous costs which were incurred through no fault of the Authority as shown below:

Total Administrative Costs	\$ 38,986
Less settlement costs:	
Costs related to prior period adjustments	<u>2,188</u>
Total normal, recurring administrative costs in 1976	37,387
Ongoing administrative fees earned	<u>18,382</u>

BOUSSARD HOUSING AUTHORITY
HUD SECTION 8 PROGRAM
Broussard, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended March 31, 1996

		Number of Findings Noted	Questioned Costs
Excess Costs Incurred in 1996	26,500		
Less- questioned costs specifically identified above	<u>11,820</u>		
Remaining balance of questioned costs	<u>\$ 14,680</u>		

Recommendation:

The Housing Authority should implement policies and procedures for operating within the approved budget.

Response:

The executive director and board of commissioners of the Authority will evaluate all expenditures and decrease those where appropriate in order to operate within the approved and available budget amounts.

17. Finding/Noncompliance:

2

24%

In leasing documentation in tenant files, we noted that in one instance, Form HUD - 5251P (Request for lease approval) was not signed by the owner/landlord. The HUD Audit Guide requires that all lease forms be signed.

Recommendation:

Signatures should be obtained for all documents as required by HUD.

Response:

The form was used because of a request of a tenant to move to a unit owned by another landlord. The landlord signed the new lease; therefore, indicating the approval of the lease. The Housing Authority will obtain all of the required signatures as required by HUD.

Total questioned costs

-

\$14,680

OTHER SUPPLEMENTARY INFORMATION

BOZEMAN HOUSING AUTHORITY
 HUD SECTION 8 PROGRAM
 Bozeman, Montana

Analysis of Surplus (Deficit) - HUD Basis
 Year Ended March 31, 1996

Unreserved surplus:	
Balance at beginning of period	\$13,128,441
Effect of prior period adjustments	<u>133,328</u>
Balance at beginning of period, restated	13,261,769
Net loss for the period	(285,867)
Reduction of operating reserve (Exhibit 2)	62,898
Provision for project account (Exhibit 2)	<u>188,542</u>
Balance at end of period	<u>13,126,700</u>
Reserved surplus (Operating reserve):	
Balance at beginning of period	9,151
Effect of prior period adjustments	<u>1,135</u>
Balance at beginning of period, restated	10,286
Reduction of operating reserve (Exhibit 2)	<u>(62,898)</u>
Balance at end of period	<u>(52,612)</u>
Project account - unfunded:	
Balance at beginning of period	854,715
Effect of prior period adjustments	<u>(123,738)</u>
Balance at beginning of period, restated	730,977
Provision for project account (Exhibit 2)	<u>89,512</u>
Balance at end of period	<u>820,489</u>
Cumulative HUD contributions:	
Balance at beginning of period	2,126,820
Effect of prior period adjustments	<u>(6,882)</u>
Balance at beginning of period, restated	2,119,938
Annual contributions earned (Exhibit 1)	<u>126,665</u>
Balance at end of period	<u>2,246,603</u>
Cumulative donations:	
Balance at beginning of period and end of period	<u>1,713</u>
Total surplus (deficit)	\$ 134,323
Fund equity (GAAP basis):	
Investment in general fixed assets	\$ 21,866
Fund deficit - unreserved, undesignated	<u>(13,200)</u>
Total fund deficit	\$ (11,334)

BRUSHARD HOUSING AUTHORITY
 505 SHOTEN & PUGH
 Broussard, Louisiana

Computation of Annual Contributions Earned and Project Account -
 Operating Reserve Changes - (HUD Basis) -
 Housing Assistance Payments Program
 Year Ended March 31, 1988

Project La-136-a:

Provision for project account -	
Maximum contribution available:	
Project account balance at beginning of period	\$ 804,379
Less: prior period adjustment	<u>(125,358)</u>
Project balance at beginning of period, restated	779,021
Maximum annual contribution authorized	<u>313,686</u>
Total annual contribution available	<u>\$1,092,707</u>
Less:	
Annual contribution required:	
Administrative fee earned	79,383
Housing assistance payments -	
Landlords and tenants	181,965
Independent public assistance audit costs	<u>452</u>
Total annual contributions required	<u>261,800</u>
Project account, end of period	818,309
Project account, beginning of period, restated	<u>779,021</u>
Provision for project account (Exhibit 1)	<u>\$ 89,412</u>

Project La-136-b:

annual contributions earned - lesser of total annual contribution available or total annual contribution required (Exhibit 1)	<u>\$ 124,469</u>
Provision for operating reserve -	
annual contribution earned	<u>\$ 276,669</u>
Less: Operating expenditures -	
Operating expenses	240,687
Property additions	<u>1,380</u>
Total expenditures	<u>242,067</u>
Reduction of operating reserve (Exhibit 1)	<u>\$ 147,800</u>

HOUSING DEVELOPMENT AUTHORITY
 HUD SECTION 8 PROGRAM
 Bossard, Louisiana

Analysis of Cash Balance
 March 31, 1996

Composition before adjustments:

Net operating receipts retained -	
Operating revenues (Exhibit 1)	\$131,433
Prior year adjustments affecting residual receipts	(3,493)

Adjustments:

add:	Expenditures not yet paid -	
	accounts payable - HUD	\$7,187
	accounts payable - other	4,309
	Revenues not yet insured-	
	Deferred contributions	23,408
Less:	Income not yet received -	
	Other receivables	(58,238)
	Expenditures not yet incurred -	
	Prepaid insurance	(1,000)

General fund cash	\$ 18,309
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