

THE HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LITCHER, LOUISIANA

STATUS OF PRIOR AUDIT FINDINGS

The prior audit disclosed 2 findings, both of which are repeated as current findings.

1. Weak control over tenant accounting and collections.

2. Tenant accounts receivable and collection losses were higher than HUD considers reasonable.

WILLIAM DANIEL MOONSKILL, CPA  
FEDERAL HOUSING COMMISSION

IN RE: EAST OAK  
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1997  
FEDERAL BUREAU OF INVESTIGATION  
WASHINGTON, DC 20535  
MARSHALL UNIVERSITY OF WEST VIRGINIA

MANAGEMENT LETTER

This PMA is considered Public Housing Management Assessment Program (PHMAP) troubled because its score is below standard. The PMA entered into a cooperation agreement in August of 1996 which expired on February 15, 1997, whereby the Housing Authority of East Baton Rouge Parish assumed management control over the PMA. In fact, the Executive Director of the Baton Rouge Housing Authority became the Executive Director of this PMA as well.

The Executive Director of the Morgan City Housing Authority entered into a subcontract with the Baton Rouge Housing Authority to help with maintenance matters.

In many areas, the PMA has improved as the PHMAP score indicates. The PHMAP score as of 7-30-96 still indicates that the PMA is in the troubled status.

On February 15, 1997, the cooperation agreement was not renewed. Since that time the PMA has operated without an Executive Director.

We met with the HUD coordinator who indicates that the Modernization Programs are progressing satisfactorily. We were not able to properly judge the progress of the maintenance department.

We did not review all written policies in effect at the PMA, but understand that a number of them need revision including Eviction, Residents Initiative and the Utility Allowance Policies.

While this report is dated February 15, 1997, the last day of the field work, it is actually being printed on March 18, 1997. As of March 18, 1997, the PMA has not had an Executive Director for over 1 month. I consider it imperative for this PMA to hire a qualified Executive Director as soon as possible.

**Finding Number 9**

**Statement of Conditions--**The PMA overran it's budget in 3 categories, as follows:

Category	Budget	Actual	Overage
Tenant Services Salaries	28,268	31,391	3,023
Terminal Leave Payments	0	22,816	22,816
Nonexpendable Equipment	26,190	18,212	1,842

**Criteria--**The PMA should stay within it's adopted budget.

**Effect--**The PMA spent more than it had authorized.

**Cause--** One cause of this was that the accounting was chronically late and it was impossible to know where the PMA was budget wise during the year.

**PMA Response --** In the future, we will stay within our approved budget. This year, we have submitted financial records to the new fee accountant timely and the general ledger is current.

**Finding Number 10**

**Statement of Conditions--**The PMA paid terminal leave payments to two former employees far in excess of the 100 hours maximum allowed per State Civil Service.

**Criteria--**State Civil Service allows for a maximum of 100 hours of terminal leave payments per person.

**Effect--**The PMA may have violated state law by making these payments, which total \$48,943.00.

**PMA Response --** We will refer this matter to our attorney.

**Finding Number 11**

**Statement of Conditions--**It appears that at least 1 classified employee is being paid more than the amount authorized by Civil Service. The maximum amount authorized on 1-17-94 for this staff member is \$1,267 and the staff member is being paid \$1,788.80.

**Criteria--**Classified employees should be paid no more than the amount authorized by Civil Service.

**Effect--**The PMA may be in violation of state Civil Service laws.

**PMA Response --** We will refer this matter to our attorney.

**Finding Number 7**

statement of conditions-- There are a number of missing documents that should be at the PMA, such as insurance policies.

Criteria--The PMA should retain documentation per a schedule listed in HUD regulations.

Cause--There have been numerous management changes over the last few years and it is difficult to determine who is responsible for missing documentation.

Effect--Because of this condition and the missing documentation described in Note 14, we were not able to express an opinion on the financial statements nor were we able to properly present the financial statements per GAAP.

PMA Response -- We concur with this finding and will retain all future documentation per HUD regulation.

**Finding Number 8**

statement of conditions--The PMA has a local attorney who was very cooperative but indicates that he does little work for the PMA. He disclosed a litigation claim which we confirmed with the PMA insurance company that the insurance company was representing the PMA's interest on. The litigation is of the nature of personal injury which normally would be covered by the insurance.

We note that no amount has been recorded on the financial records of the PMA as contingent liabilities for this litigation.

Criteria--Considering that this PMA is designated as troubled, has executed a cooperation agreement with another PMA for it's management without consulting their attorney, and seems to have so many problems; it seems obvious that the PMA should have an attorney of record that is a HUD PMA expert to consult with about numerous matters. I am concerned that the Board is making decisions without all of their options being explored. As well, I am of the opinion that this Board is overly concerned about utilizing local residents. While I fully support the theory of spending money locally, since PMA's are so different from other governmental entities I believe that PMA's should hire the most qualified people regardless of their location, be they Attorneys, Fee Accountants, or Executive Directors.

I discussed this matter with the local attorney of record and he agrees with my assessment and would be pleased to be replaced by a PMA expert attorney.

PMA Response -- The board will discuss these issues.

**Finding Number 3**

**Statement of Conditions**--The PBA has not annually inspected all units using HQS standards.

**Criteria**--The PBA should annually inspect all units using HQS standards.

**Effect**--Some, if not all, residents, live in units that do not meet HQS standards.

**PBA Response** -- The PBA had it's HQS coordinator inspect all units recently. He indicates that he was able to enter 80% of the units, of which none met HQS standards.

**Finding Number 4**

**Statement of Conditions**--The PBA made the following purchases without the proper competitive bidding:

Computer Software -- Mellinix

Computer Hardware -- International Data and Analysis Co.

Waste Treatment Plant Work -- Curtis Environmental Services

Auto Insurance -- G. Martin Agency

Public Employee Dishonesty Bond -- St. James Service Agency

**Criteria**-- The PBA should follow State and Federal law as well as it's procurement policy to competitively bid procurements.

**Effect**--The PBA may not be getting the best price for it's expenditures.

**PBA Response** -- The PBA concurs with this finding and will competitively bid future work.

**Finding Number 3**

**Statement of Conditions--**The PMA does not have an annual physical inventory which agrees with it's general ledger.

**Criteria--**The PMA should annually take a physical inventory and adjust the general ledger accordingly.

**Effect--**The PMA does not have the proper control over it's physical assets.

**PMA Response --** We concur with this finding and will produce a physical inventory tied to the general ledger.

**Finding Number 4**

**Statement of Conditions--**Analysis of 7 tenant files recently re-examined by staff revealed deficiencies. We point out that we chose only recent re-examinations to evaluate current procedures in use at the PMA.

6 of 7 files had absolutely no verification of resident existence, such as birth certificates

2 of 7 files had no verification of income at re-examination

7 of 7 files included no annual unit inspection using HUD standards

1 of 7 files had wage information incorrectly entered into the computer, therefore the rent calculation was wrong

2 of 7 files included loose paperwork

6 of 7 files did not contain a document indicating Lead Based Paint sign-off

**Criteria--**Tenant files should contain all information required by HUD.

**Effect--**The PMA is not in compliance with HUD regulations.

**PMA Response --** The auditor left us a list of all documentation that should be included in tenant files. We will send staff to tenant certification training.

Other Financing Sources (uses)--Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long term debt proceeds, and the like) are accounted for as other financing sources (uses). These other financing sources are recognized at the time the underlying events occur.

Deferred Revenues--The PMA reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the PMA before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the PMA has a legal claim to the resources, the liability for deferred revenues is removed from the combined balance sheet and the revenue is recognized.

## **E. BUDGETS**

The following summarizes the budget activities of the PMA during the fiscal year:

1. The PMA adopted budgets for the General Fund, the Special Revenue Fund and the Capital Projects Funds. The Capital Projects Funds budget comparison to actual has not been included since the each project is a multiple year endeavor.
2. The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.
3. Encumbrances are not recognized within the accounting records for budgetary purposes.
4. Formal budget integration (within the accounting records) is employed as a management control device.
5. The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function. However, when actual revenues within a fund fail to meet budgeted revenues by 5% or more, a budget amendment is adopted by the PMA in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

## **F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not expended. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

WILLIAM DANIEL MCCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CERTIFICATE

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WDA  
WDA  
04-10-88

MEMBER  
Society of Certified Public  
Accountants of Louisiana

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

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LUTHER, LOUISIANA 70072

I have audited the general purpose financial statements of the Housing Authority of The Parish of St. James (HPA), as of and for the year ended September 30, 1996, and have issued my report thereon dated February 25, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the HPA is responsible for establishing and maintaining an internal control structure. In fulfilling that 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 financial statements in accordance with accounting principles prescribed by HUD. 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.



**Finding Number 3**

**Statement of Conditions--**The PMA has weak controls over tenant accounting and collections. An analysis of account number 1128, deposits over and under, reveals imbalances in 7 of the 12 months covered by this audit. The cumulative imbalance at 9-10-88 is \$1,821.76. The computer software system in use at the PMA for tenant accounting does not produce an accurate rental register. The staff is having to manually produce a rental register which has some inaccuracies, as well. The staff seems to be going to great lengths to confirm that the deposits in the bank are in agreement with the rent collections and have done better this year than last.

The PMA staff manually produces rent receipts and then separately enters rental receipts in the tenant accounting module.

The PMA is not able to electronically file the HUD 58058's.

**Criteria--**The PMA should balance the bank deposits with the rent register. The TAM's and TSD's per the rent register should agree with the general ledger. The computer software should print rent receipts as received, manual receipts should never be used. The 58058's should be electronically filed.

**Effect--**The PMA does not have adequate control over it's tenant accounting and could suffer losses as a result of this condition.

**Cause--**There are 2 causes of this problem, as follows:

1. The fee accountant enters any bank imbalance to account 1128, deposits over and under, therefore it is practically impossible to determine if the imbalance is caused by rent deposit inaccuracies, other income deposit inaccuracies, PMA mistakes, or fee accountant mistakes. The PMA has not monitored this account to find and correct the mistakes.
2. The current PMA staff is not properly trained to operate the computer software.

**PMA Response--**The PMA changed fee accountants as of 10-1-88. The net imbalance of cash deposits since then is \$2.58. We are closely monitoring cash imbalances.

The Board of Commissioners voted at it's meeting on February 11, 1997 to have the computer vendor provide the necessary training to the current staff for tenant accounting.

The Housing Authority of the Parish of St. James  
 Litcher, Louisiana  
 ANALYSIS OF SURPLUS --statutory basis  
 For the year ended September 30, 1998

SCHEDULE VI

<b>UNRESERVED SURPLUS</b>	
Balance per FMA 9-30-95	(9,243,476.89)
Net Deficit this Fiscal Year	(629,301.46)
Provision for Operating Reserve	44,193.00
Audit Adjusting Journal Entries	0.00
Balance @ 9-30-98	(9,827,585.35)
<b>OPERATING RESERVE</b>	
Balance per FMA 9-30-95	206,952.05
Provision for Operating Reserve	(44,193.00)
Audit Adjusting Journal Entries	0.00
Balance @ 9-30-98	162,759.05
<b>CUMULATIVE HUD CONTRIBUTIONS</b>	
Balance per FMA 9-30-95	12,478,366.84
HUD Grants this Fiscal Year	329,277.83
Operating Subsidy this Fiscal Year	478,372.88
HUD Service this Fiscal Year	254,829.13
Net PHDP Activities (Reported w/L.S&E)	0.00
Balance @ 9-30-98	13,538,365.88
<b>TOTAL SURPLUS AS OF SEPTEMBER 30, 1998</b>	<b>3,870,437.78</b>

See notes to financial statements

The Housing Authority of the Parish of St. James      SCHEDULE V  
 Lusher, Louisiana  
 STATEMENT OF INCOME AND EXPENSES--PBA OWNED HOUSING STATUTORY BASIS  
 Annual Contributions Contract FM-2007  
 For the year Ended September 30, 1996  
 .....

OPERATING INCOME:	
Dwelling Rental	\$199,973.38
Interest Income	8,110.33
Other Income	8,831.88
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Total Operating Income	216,915.59

OPERATING EXPENSES:	
Administration	\$330,871.88
Tenant Services	21,298.78
Utilities	52,834.81
Ordinary Maintenance and Operations	258,750.58
General Expense	324,810.03
Non-Routine Maintenance	4,360.34
	-----
Total Operating Expenses	892,926.42
	-----
NET OPERATING DEFICIT	(675,990.83)

OTHER CHARGES:	
Interest on Notes and Bonds	\$130,968.43
Prior Period Adjustments Affecting Residual Receipts	33,662.01
Gain/Loss Disposition of Nonexpendable Equipment	8.00
	-----
TOTAL OTHER CHARGES	164,638.44
	-----
DEFICIT	(840,629.27)
	-----

see notes to financial statements

The Housing Authority of the Parish of St. James  
Lusher, Louisiana  
BALANCE SHEET -- STATUTORY BASIS  
Annual Contributions Contract PW-2807  
September 30, 1998

SCHEDULE IV

ASSETS

Cash	(843,798.50)
INVESTMENTS	113,678.63
Accounts Receivable	17,189.82
Debt Amortization Funds	259,408.78
Deferred Charges	41,188.50
Land, Structures and Equipment	9,011,078.79
TOTAL ASSETS	<u>\$8,400,778.97</u>

LIABILITIES AND SURPLUS

LIABILITIES:

Accounts Payable	21,568.85
Notes Payable	2,689,823.12
Accrued Liabilities	27,888.18
Deferred Credits	0.00
Fixed Liabilities	2,791,163.84
TOTAL LIABILITIES	<u>5,530,443.99</u>

Reserve	1,870,437.79
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TOTAL LIABILITIES AND SURPLUS	<u>\$8,400,778.97</u>
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see notes to the financial statements

The Housing Authority of the Parish of St. James  
 Lusher, Louisiana  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 For the year Ended September 30, 1996

SCHEDULE 111

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 All programs are Major programs unless otherwise noted.

Program	CFDA NO.	Program Assistance	Program Expenditures
U S Department of Housing and Urban Development			
Direct Programs:			
Low Income Housing	14.850	728,401.11	728,401.11
CMF	14.859	328,577.80	436,326.48
PRDEP -- Non Major	14.854	76,514.43	150,328.63
		-----	-----
		1,133,493.34	1,315,056.22

see notes to financial statements

#### NOTE 13 -- POSSIBLE ILLEGALITIES

Prior audits uncovered possible illegal acts by former PMA employees, as reported to the Board in a letter separate from the prior audit report. The transactions in question involved possible rent collection kiting. While the records of the PRA for the period in question are inadequate, it appears that restitution was made by individuals and/or the bonding company. The PRA referred the matter to the US Attorney and has followed up with that office on numerous occasions. At this time, it is unclear if this matter will be prosecuted.

Please see the current findings for possible additional criminal referrals on the matter of terminal leave payments.

#### NOTE 14 -- UNCONFIRMED ACCOUNTS

We could not confirm account balances as follows:

1480	Leas, Structures and Equipment
	We could not confirm the equipment portion of this account because of the lack of an adequate physical inventory. Additionally, the Modernization Project costs could not be confirmed. See the Findings for details.
1211	Prepaid Insurance
1177	Deposits with HUD
	Cash in Banks
	While we were able to confirm the balances 8/31/96, we could not locate all bank statements during the year. Nothing caused us to believe that any funds were misappropriated during the fiscal year.
	Payroll Withholdings
	Grants from HUD for Modernization and MDEP programs

Because of the unconfirmed accounts as described above and the missing documentation as described in Finding Number 7, we were not able to express an opinion on the financial statements nor were we able to properly present the financial statements in a GAAP format. We were not able to provide a combining balance sheet nor a combining schedule of revenues, expenditures, and changes in fund balances for the Capital Projects Fund nor were we able to properly complete the columns for the Capital Projects Fund and the Special Revenue Fund in the GAAP exhibits.

(A) Project Notes-Won HUD are obligations due HUD. The Debt Forgiveness Act of 1988 forgave these notes. PFA's that executed a revised ACT in 1996 have accomplished the debt forgiveness. The PFA has not accrued interest on Project Notes-Won HUD. The new PFA's fee accountant wrote off these notes in 1-97.

All principal and interest requirements are funded in accordance with Federal law by the annual contributions from the US Department of HUD. At September 30, 1996, the PFA has accumulated \$255,071.76 in the debt service funds for future debt requirements. In a departure from GAAP, we were not able to determine future debt retirements for the next 5 years. However, all PFA Note and Bond debt is serviced directly by HUD to the lender.

#### **NOTE 10--INTERFUND ASSETS/LIABILITIES**

Because of the lack of documentation available at the PFA, we were not able to determine the amount of interfund assets and liabilities.

#### **NOTE 11--COMMITMENTS AND CONTINGENCIES**

There are certain major construction projects at September 30, 1996. As approved by HUD these projects are being funded by HUD. Funds are requested periodically as the cost is incurred. Costs incurred on these projects and estimated cost to complete these projects are not possible to determine. This is one reason that we were not able to express an opinion on the financial statements.

The PFA participates in a number of state and federally assisted grant programs. Although its current grant programs have been audited in accordance with the Single Audit Act of 1994 through September 30, 1996, these programs are still subject to compliance audits. PFA management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

#### **NOTE 12 -- BOARD MEMBER COMPENSATION AND PAYMENT IN LIEU OF TAXES**

Per State Law, we are required to disclose any Board Member Compensation. The board of this PFA is paid \$40.00 per person per month by St. James Parish. The PFA makes no direct payment to the Board Members but does pay the Parish the correct amount due for Payments in Lieu of Taxes.

It is also noted that the PFA has not paid the Parish the Payment in lieu of Taxes due for the last two years.

**NOTE 6--ACCOUNTS PAYABLE**

We are not able to complete this standard GAAP note because we are not able to confirm accounts payable.

**NOTE 7--COMPENSATED ABSENCES**

As September 30, 1996, employees of the FEA have accumulated and vested an amount of employee leave benefits which was not available to us, which was supposed to be computed in accordance with GASB Codification Section 088. This amount is not expected to be paid from current available resources; therefore the liability should be recorded within general long term obligations account group. Note that no amount is recorded because the FEA's records do not allow us to determine the amount due.

**NOTE 8--CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS**

Agency Funds:	
Balance 9-30-95	18,180.00
Net Deletion	1,825.00
Balance 9-30-96	17,355.00

**NOTE 9--CHANGES IN GENERAL LONG TERM OBLIGATIONS**

The following is a summary of the long term obligation transactions of the year ended September 30, 1996:

Compensated  
Absences

Balance 9-30-95	Not Available
Additions	
Deductions	
Balance 9-30-96	Not Available

Notes Payable to HUD:

Project Loan Notes	2,689,921.22
Permanent Notes	312,958.49
Total HUD Notes	3,002,879.71

FFB Notes:

Balance 9-30-95	95,867.67
Retirements	10,522.67
Balance 9-30-96	85,345.00

New Housing Bonds:

Original Issue	4,055,000.00
Retirements @ 9-30-95	1,588,921.22
Retirements During the Year	102,228.10
Amount Retired @ 9-30-96	1,691,149.32



**NOTE 3--RECEIVABLES**

The receivables of \$276,576.72 at September 30, 1996 are as follows:

<b>General Fund:</b>	
Due from tenants	17,871.63
Due from others	318.98
Due from HUD	4,338.03
Total General Fund Receivables	22,547.61
<b>Debt Service Fund:</b>	
Due from HUD	254,029.11
<b>TOTAL</b>	<b>276,576.72</b>

**NOTE 4--FIXED ASSETS**

We are not able to complete this standard GAAP note because we are not able to confirm fixed assets. This is an example of why we are not able to express an opinion on the financial statements.

**NOTE 5--RETIREMENT SYSTEM**

The PMA participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. Through this plan, the PMA provides pension benefits for all of its full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular and full time employees are eligible to participate in the plan on the first day of the month after completing 9 months of continuous or uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 3.5% of each participant's basic compensation. The PMA's contribution for each employee and income allocated to the employee's account are fully vested after 5 years of continuous service. The PMA's contributions and interest forfeited by employees who leave employment before 5 years of service are used to offset future contributions of the PMA.

The PMA's total payroll for fiscal year ended September 30, 1996 was \$199,394.64. The PMA's contributions were calculated using the base salary amount of \$199,394.64. Both the PMA and the covered employees made the required contributions for the year ended September 30, 1996. Employee contributions to the plan totaled \$10,471. The PMA contributions totaled \$18,231 for the year ended September 30, 1996.

THE HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LAFAYETTE, LOUISIANA

**FINDINGS AND RECOMMENDATIONS**

The following either have no monetary effect on the Financial Statements or the monetary effect could not be determined. Accordingly, these findings and recommendations are without adjusting journal entries to the financial statements, unless so noted in the finding.

**Finding Number 1**

**Statement of Conditions**--The PHA has tenant accounts receivable balances of \$17,871.63 as September 30, 1998, which is 278% higher than the amount HUD considers reasonable. The PHA has collection losses of \$19,047.63, which is 278% higher than HUD considers reasonable.

**Criteria**--Per the Audit Guide for Audits of Public Housing Agencies, IG 7476.1, Appendix 2 Page 37, HUD considers the maximum reasonable amount of tenant accounts receivable to be no more than \$15.00 per unit. Since this PHA has 318 units, the maximum T&B amount is \$4,770.00. HUD considers that collection losses should be not greater than 1% of dwelling rental, which in this case would be a maximum loss of \$1,988.73.

**Effect**--The PHA is exposed to larger than desired collection losses.

**Cause**--Please see the PHA's response for the cause.

**PHA Response** -- We feel that our relatively high tenants accounts receivable balance is caused by a court required 3 month delay in evicting tenants. We feel that we are doing a good job of following our fair but firm collection policy.

## **G. CASH AND CASH EQUIVALENTS**

Cash includes accounts in demand deposits and interest bearing demand deposits. Cash equivalents include accounts in time deposits and cash with fiscal agents. Under state law, the PMA may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana Law and national banks having their principal offices in Louisiana.

## **H. SHORT TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short term interfund loans are classified as interfund receivables/payables.

## **I. INVENTORY**

All purchased inventory items are valued at the lower of cost (first in, first out) or market. Purchased inventories are offset by a fund balance reserve which indicates that these do not constitute "available spendable resources", even though they are a component of total assets.

Acquisition of materials and supplies are accounted for on the purchase method, that is, the expenditure is charged when the items are purchased.

## **J. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Depreciation has not been provided on general fixed assets.

## **K. COMPENSATED ABSENCE**

The PMA follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 200 hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges, computed in accordance with GASB Codification Section 260, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not

In planning and performing my audit of the general purpose financial statements of the PMA, for the year ended September 30, 1994, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the PMA's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Because of the relatively small number of employees, the general cashier function is not segregated from the subsidiary ledger function. Checks are prepared by employees who are not independent of voucher/invoice approval, the purchase function is not performed by personnel independent of receiving and disbursing functions, persons preparing payroll are not independent of other payroll duties, and detail records of fixed assets are not maintained by personnel independent of the general ledger, cash or capital expenditure authorizing functions.

The PMA has weak controls over tenant accounts receivable. See Finding number 2.

There are a number of missing documents at the PMA. See Finding number 7.

The PMA overran it's budget in a number of areas. See Finding number 9.

The PMA has inadequate controls over it's Modernization and PAPER Programs. See Finding number 12.

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 accounts 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.

1. Tenant Security Deposits--accounts for assets held by the PMA as an Agent for the individual residents. Agency funds are essentially in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### D. 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 are generally included on the balance sheet. Operating Statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues--Federal entitlements are recorded as unrestricted grants-in-aid when available and measurable. Federal restricted grants are recorded when the related expenditures have been incurred.

Rental income is recorded in the month earned.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest income on interest bearing demand deposits is recorded each month when credited by the bank to the account.

Substantially all other revenues are recorded when they become available to the PMA.

Expenditures--Salaries are recorded as expenditures when paid.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are purchased.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long term obligations account group.

Principal and interest on general long term debt are recognized when due.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Certain units of local government over which the PMA exercised no oversight responsibility, such as the school boards, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate entities and issue financial statements separate from those of the PMA.

### C. FUND ACCOUNTING

The PMA 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group 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 spendable financial resources.

Funds of the PMA are classified into three categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follows:

**Governmental funds**--Governmental funds account for all or most of the PMA's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of construction of general fixed assets, and the servicing of general long term debt. Governmental funds include:

1. **General Fund**--the general operating fund of the PMA accounts for all financial resources, except those required to be accounted for in other funds.
2. **Debt Service Fund**--accounts for transactions relating to resources retained and used for the payment of principal and interest on those long term obligations recorded in the general long term obligations account group.
3. **Capital Projects Funds**--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

**Fiduciary funds**--Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the PMA. Fiduciary funds include:

**THE HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LAFAYETTE, LOUISIANA  
NOTICE TO THE FINANCIAL STATEMENTS**

Housing Authorities are chartered as a public corporation under the laws (LSA-RS 40:191) of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Lafayette, Louisiana. This creation was contingent upon the local governing body of the city or parish. The PMA is governed by a five member Board of Commissioners. The members, appointed by the Police Jury of the Parish of St. James, Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PMA for the purpose of assisting the PMA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PMA for the purpose of maintaining this low rent character.

The PMA has the following programs under management:

	ACC Number	Number of Units
PMA Owned Housing	PA-1007	317

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the PMA have been prepared in conformity with GAAP as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

GASB Statement Number 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the PMA is legally separate and fiscally independent by being solely accountable for fiscal matters, including (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, (3) fiscal management for controlling the collection and disbursement of funds, (4) authority to issue debt, the PMA is a separate governmental reporting entity. The PMA includes all funds, account groups, activities that are within the oversight responsibility of the PMA.

As a result, activity of the Month of 21, 2006  
 1. 2006  
 2. 2006  
 3. 2006

00000000

\*\*\*\*\*GENERAL INFORMATION\*\*\*\*\*

DATE: 01/21/06 TIME: 10:00:00 AM

UNIT: 00000000

AMOUNT: 00000000

PERIOD: 01/21/06

PERIOD: 01/21/06

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PERIOD: 01/21/06

on credit card, special rate card, no credit processed on internet -- see filing notes 1 and 2 and notes 3

on sales & taxable columns



THE BOARD OF DIRECTORS OF THE TRUST OF B. C. BANK

GENERAL BALANCE SHEET AS AT 31st DECEMBER 1968  
 (PARTIAL BALANCE SHEET AS AT 31st DECEMBER 1968)

1968-69

ACCOUNT	General Reserve	Special Reserve	Special Reserve	Capital Reserve	Total Reserves
	£	£	£	£	£
General Reserve	100,000.00				100,000.00
Special Reserve	100,000.00				100,000.00
Capital Reserve				100,000.00	100,000.00
Total Reserves	200,000.00			100,000.00	300,000.00
General Reserve	100,000.00				100,000.00
Special Reserve	100,000.00				100,000.00
Capital Reserve				100,000.00	100,000.00
Total Reserves	200,000.00			100,000.00	300,000.00
General Reserve	100,000.00				100,000.00
Special Reserve	100,000.00				100,000.00
Capital Reserve				100,000.00	100,000.00
Total Reserves	200,000.00			100,000.00	300,000.00

The general fund, special reserve fund, and capital reserve fund are in accordance with the provisions of the Companies Act 1947.

The Board of Directors of the Federal of B. 2000  
 is hereby authorized to issue the following  
 bonds in the amount of \$1,000,000.00.  
 \$1,000,000.00 of \$100,000.00 bonds, 5%

TABLE 1

ACCOUNT	GENERAL FUND		SPECIAL FUND		RESERVE FUND		TOTAL	
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
General Fund	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
Special Fund	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
Reserve Fund	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
<b>Total</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>9.00</b>	<b>100.00</b>
Account Analysis by the State Board	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
Account to be provided by the State	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
Account for the State	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
<b>Total</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>9.00</b>	<b>100.00</b>
Account Analysis by the State Board	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
Account to be provided by the State	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
Account for the State	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
<b>Total</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>9.00</b>	<b>100.00</b>
Account Analysis by the State Board	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
Account to be provided by the State	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
Account for the State	1.00	1.00	1.00	1.00	1.00	1.00	3.00	100.00
<b>Total</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>9.00</b>	<b>100.00</b>

See also the financial statements

for period 1991, special revenue fund, and capital projects fund (see accounts - see table number 7 and also number 7)

WILLIAM DANIEL MCCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION

18 75 JUNE 1997  
OFFICE, SUITE 100

MEMPHIS  
4010  
18-001-001

MEMPHIS  
Office of Louisiana CPAs  
Louisiana Institute of CPAs

INDEPENDENT AUDITORS' REPORT

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LUTHER, LOUISIANA 70071

I was engaged to audit the accompanying general purpose financial statements of the Housing Authority of The Parish of St. James (PHA) as of and for the year ended September 30, 1996, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the PHA's management.

I was unable to confirm certain material account balances as described in Note 14, and documentation needed to properly conduct the audit was not available as described in Finding Number 7, nor was I able to satisfy myself as to those financial activities by other auditing procedures. Accordingly, it was not practicable for me to extend my audit to a conclusion of opinion.

Because of the disclosures in Note 14 and Finding number 7, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements referred to in the first paragraph.

This report is intended solely for the information and use of the Board of Commissioners of the PHA, and for filing with the Department of HUD and should not be used for any other purpose.

---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

February 25, 1997

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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION--SCHEDULE  
OF FEDERAL FINANCIAL ASSISTANCE

STATUS OF PRIOR AUDIT FINDINGS

SCHEDULE OF ADJUSTING JOURNAL ENTRIES -- NONE

FINDINGS AND RECOMMENDATIONS

MANAGEMENT LETTER

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COMPLIANCE REPORT BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

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

SINGLE AUDIT REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MINOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

7098

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copy and place  
back in file

**HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LUTCHER, LOUISIANA.**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS REPORTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1996  
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

and components of state law, the  
report is a public document. A  
copy of this report is being furnished  
to the Board of Directors, the general  
purpose financial statements and  
independent auditors reports are  
public documents. If you have  
any questions, please contact the  
auditor, William Daniel McGaskill, at the  
office of the parish clerk of court.

Address: Lutcher, LA 70352

**WILLIAM DANIEL MCGASKILL, CPA**  
A Professional Accounting Company Inc.  
411 JEFFERSON AVENUE SUITE 200  
MONROE, LOUISIANA 70501

Received  
12/15/96  
12/15/96  
12/15/96

requiring current resources is recorded in the general long term obligations account group. Leave benefits are based on accrued leave benefits of employees with 10 years service to a maximum of 25 days at their current annual salary.

#### **L. LONG TERM OBLIGATIONS**

Long term obligations expected to be financed from governmental funds are reported in the general long term obligations account group. Expenditures for principal and interest payments for long term obligations are recognized in the governmental funds when due.

#### **M. FUND EQUITY**

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

#### **N. INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

#### **O. TOTAL COLUMNS ON COMBINED STATEMENTS**

The total columns on the combined 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 GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### **NOTE 2 -- CASH AND CASH EQUIVALENTS**

We are not able to complete this standard GAAP not because bank statements were not available. This is an example of why we are not able to express an opinion on the financial statements.

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

During the year ended September 30, 1996 the FEA expended 93% of its total federal financial assistance financial under major federal financial assistance programs.

I performed tests of controls, as required by OMB A-122, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the FEA's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. My procedures were less in scope than would be necessary to render an opinion on internal control structure policy and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the organization's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Because of the relatively small number of employees, the general cashier function is not segregated from the subsidiary ledger function, checks are prepared by employees who are not independent of voucher/invoice approval, the purchase function is not performed by personnel independent of receiving and disbursing functions, persons preparing payroll are not independent of other payroll duties, and detail records of fixed assets are not maintained by personnel independent of the general ledger, cash or capital expenditure authorizing functions.

The FEA has weak controls over Treasury accounts receivable. See Finding number 2.

There are a number of missing documents at the FEA. See Finding number 3.

The FEA overran it's budget in a number of areas. See Finding number 4.



WILLIAM DANIEL MCCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION

6175 JESS BLVD  
GREENING, LOUISIANA 70301

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8800  
Society of Louisiana CPAs  
American Institute of CPAs


**INDEPENDENT AUDITORS' REPORT ON SCHEDULE  
OF FEDERAL FINANCIAL ASSISTANCE**

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LUTCHER, LOUISIANA 70371

I have audited the general purpose financial statements of the Housing Authority of the Parish of St. James (PHA), as of and for the year ended September 30, 1998, and have issued my report thereon dated February 25, 1997. These financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the financial statements of the Housing Authority of The Parish of St. James taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.


  
William Daniel McCaskill, CPA  
A Professional Accounting Corporation

February 25, 1997

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 my attention that caused me to believe that the FBA had not complied, in all material respects, with those requirements. However, if as of the results of my procedures there were disclosed immaterial instances of noncompliance with those requirements, I described them in the accompanying schedule of findings and questioned costs and/or the accompanying Management Letter.

This report is intended for the information of the audit committee, management and HUD. However, this report is a matter of public record and its distribution is not limited.

February 25, 1997



---

William Daniel McCaskill, CRA  
A Professional Accounting Corporation

WILLIAM DANIEL MCCABILL, CPA  
A CERTIFIED ACCOUNTING CORPORATION

501 W. BROAD ST.  
MONROE, LOUISIANA 70001

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Bureau of Louisiana CPA's  
American Institute of CPA's

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

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LAFAYETTE, LOUISIANA 70001

I have audited the general purpose financial statements of the Housing Authority of The Parish of St. James (HMA), as of and for the year ended September 30, 1996, and have issued my report thereon dated February 19, 1997.

I have applied procedures to test the HMA's compliance with the following requirements applicable to each of its financial assistance programs, which are identified in the schedule of Federal financial assistance, for the year ended September 30, 1996.

Political Activity	Federal Financial Report
Davis-Bacon Act	Allowable Costs/ Cost
Civil Rights	Principles
Cash Management	Drug Free Workplace Act
Relocation Assistance and	Administrative Requirements
Real Property Acquisition	

My procedures were limited to the applicable procedures described in the GAO's Compliance Supplement for Single Audits of State and Local Governments. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the HMA's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

This report is intended for the information of the audit committee, management, and HUD. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

February 28, 1997



---

William Daniel McFadden, CPA  
A Professional Accounting Corporation

WILLIAM DANIEL MCCASKILL, CPA  
A CERTIFIED ACCOUNTING CONSULTANT

101 TO BEAR DR  
MONROE, LOUISIANA 70131

Copy to  
and to  
10-00-100

and  
Parish of Louisiana DP's  
Section Director of DP's

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

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LITCHES, LOUISIANA 70071

I have audited the general purpose financial statements of the Housing Authority of The Parish of St. James (HPA), as of and for the year ended September 30, 1996, and have issued my report thereon dated February 25, 1997.

In connection with my audit of the general purpose financial statements of the HPA, and with my consideration of the HPA's control systems used to administer federal financial assistance programs, as required by OMB A-120, "Audits of State and Local Governments," I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended September 30, 1996. As required by OMB A-120, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost limitations; annual cost adjustments; annual unit inspections; contracts prohibiting the use of lead based paint; procurement actions; analysis of general fund cash; operating agency eligibility and claims for advances and reimbursements that are applicable to these transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the HPA's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the HPA had not complied, in all material respects, with those requirements. However, if the results of my procedures disclosed immaterial instances of noncompliance with those requirements, they are described in the accompanying schedule of findings and questioned costs and/or the accompanying Management letter.

The results of my audit procedures for the Low Rent Program disclosed that the PMA did not comply with the requirement the PMA take procurement actions using the proper competitive bidding as discussed in Finding number 6.

In my opinion, except for those instances of noncompliance with the requirements applicable to the Low Rent Program referred to in the fourth paragraph of this report and identified in the accompanying Schedule of Findings and questioned costs, the housing authority of The Parish of St. James complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching or level of effort; reporting; rent limitations; annual rent adjustments; annual unit inspection; contracts prohibiting the use of lead-based paint; procurement actions; analysis of general fund cash; operating subsidy eligibility; and claims for advances and reimbursements that are applicable to its major Federal financial assistance programs for the year ended September 30, 1986.

This report is intended for the information of the audit committee, management and HUD. However, this report is a matter of public record and its distribution is not limited.

---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

February 15, 1987

**WILLIAM DANIEL MCCLASKILL, CPA**

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

**BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LITCHER, LOUISIANA 70071**

I have audited the general purpose financial statements of the Housing Authority of The Parish of St. James (PHA), as of and for the year ended September 30, 1996, and have issued my report thereon dated February 28, 1997. In my report, my opinion was disclaimed because I was unable to confirm certain material account balances as described in Note 14, and documentation needed to properly conduct the audit was not available as described in Finding Number 7, nor was I able to satisfy myself as to these financial activities by other auditing procedures.

I have also audited the PHA's compliance with the requirements governing types of services allowed or unallowed; eligibility, or matching or level of effort; reporting; rent limitations; annual rent adjustments; annual unit inspections; contracts prohibiting the use of lead based paint; procurement actions; analysis of general fund cash; operating subsidy eligibility and claims for advances and reimbursements that are applicable to its major Federal financial assistance programs, which are identified in the accompanying schedule of Federal financial assistance, for the year ended September 30, 1996. The management of the PHA is responsible for the PHA's compliance with these requirements. My responsibility is to express an opinion on compliance with these requirements based on my audit.

I conducted my audit of compliance with these requirements in accordance with generally acceptable auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular a-128, "Audits of State and Local Governments" and the provisions of Public and Indian Housing Compliance Supplement dated July 26, 1994. Those standards and OMB circular a-128 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the PHA's compliance with those requirements. I believe that our audit provides a reasonable basis for my opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in the statutes, contracts, or grants, that cause me to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose statements. The results of my tests of compliance disclosed the following instances of noncompliance that may be material to the financial statements but for which ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the PMA's 1978 financial statements.

As discussed in Finding number 8, the PMA made purchases without the proper competitive bidding.

As discussed in Finding number 10, the PMA paid terminal leave payments in excess of State Civil Service allowances.

As discussed in Finding number 11, the PMA has at least 1 classified employee that is paid more than the amount allowed under the State Civil Service.

I considered these instances of noncompliance in forming my opinion on whether the PMA's financial statements are presented fairly, in all respects, in conformity with generally accepted accounting principles, and this report does affect my report dated February 28, 1977, on those general purpose financial statements.

This report is intended for the information of the audit committee, management, and HUD and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

---

William Denis McCashill, CPA  
& Professional Accounting Corporation

February 25, 1977



The FMA has inadequate controls over its Modernization and PMSOP Programs. See Finding number 12.

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

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the following matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of the FMA for the year ended September 30, 1994.

Because of the relatively small number of employees, the general cashier function is not segregated from the subsidiary ledger function, checks are prepared by employees who are not independent of voucher/invoice approval, the purchase function is not performed by personnel independent of receiving and disbursing functions, persons preparing payroll are not independent of other payroll duties, and detail records of fixed assets are not maintained by personnel independent of the general ledger, cash or capital expenditure authorizing functions.

The FMA has weak controls over tenant accounts receivable. See Finding number 3.

There are a number of missing documents at the FMA. See Finding number 7.

The DIA overran its budget in a number of areas. See Finding number 8.

The FMA has inadequate controls over its Modernization and PMSOP Programs. See Finding number 12.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

February 28, 1997

William Stanley McCaskill, CPA, APWC

The management of the FBA 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 financial statements in accordance with HUD 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, 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, I have classified the significant internal control structure policies and procedures used in administering Federal financial assistance programs in the following categories:

**ADMINISTRATIVE CONTROLS:**

REVENUES  
RECEIVABLES  
PURCHASING  
INVESTMENTS  
DISBURSEMENTS  
PAYROLL  
MILITARY CONTROL

**ADMINISTRATIVE CONTROLS:**

GENERAL REQUIREMENTS  
POLITICAL ACTIVITY  
DAVIS-BACON ACT  
CIVIL RIGHTS  
CASE MANAGEMENT  
RELOCATION ASSISTANCE & REAL  
PROPERTY ACQUISITION  
FEDERAL FINANCIAL REPORTS  
ALLOWABLE COSTS/ COST  
PRINCIPLES  
DEEM FREE WORKPLACE ACT  
ADMINISTRATIVE REQUIREMENTS

SPECIFIC REQUIREMENTS  
ELIGIBILITY  
REPORTING  
SPECIAL TESTS & PROVISIONS  
TYPES OF SERVICES

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the following matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of the PMA for the year ended September 30, 1988.

Because of the relatively small number of employees, the general cashier function is not segregated from the subsidiary ledger function, checks are prepared by employees who are not independent of supplier/invoice approval, the purchase function is not performed by personnel independent of receiving and disbursing functions, persons preparing payroll are not independent of other payroll duties, and detail records of fixed assets are not maintained by personnel independent of the general ledger, cash or capital expenditure authorizing functions.

The PMA has weak controls over tenant accounts receivable. See Finding number 1.

There are a number of missing documents at the PMA. See Finding number 2.

The PMA overran it's budget in a number of areas. See Finding number 3.

The PMA has inadequate controls over it's Modernization and PHEEP Programs. See Finding number 12.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

February 25, 1989

  
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William Daniel McManis III, CPA  
A Professional Accounting Corporation

**WILLIAM DANIEL MCCASKILL, CPA**  
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**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL  
STRUCTURE USED IN ADMINISTERING FEDERAL  
FINANCIAL ASSISTANCE**

**BOARD OF COMMISSIONERS**  
**HOUSING AUTHORITY OF THE PARISH OF ST. JAMES**  
**LITCHEN, LOUISIANA 70071**

I have audited the general purpose financial statements of the Housing Authority of The Parish of St. James (PHA), as of and for the year ended September 30, 1998, and have issued my report thereon dated February 25, 1997. I have also audited the compliance of the PHA, with requirements applicable to major federal financial assistance programs and have issued my report thereon dated February 25, 1997.

I conducted my audit in accordance with generally accepted auditing standards: Government Auditing Standards, issued by the Comptroller General of the United States; the Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments. These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the PHA complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing my audit for the year ended September 30, 1998, I considered the internal control structure of the PHA, in order to determine my auditing procedures for the purpose of expressing my opinions on the general purpose financial statements of the PHA, and on the compliance of the PHA with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control policies and procedures relative to my audit of the general purpose financial statements in a separate report dated February 25, 1997.

WILLIAM DANIEL MCCASKILL, CPA  
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Memphis  
and the  
Shelby County

MEMPHIS  
Society of Southern CPAs  
Memphis Institute of CPAs

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

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY OF THE PARISH OF ST. JAMES  
LUTHER, LOUISIANA 70071

I have audited the general purpose financial statements of the Housing Authority of The Parish of St. James (HPA), as of and for the year ended September 30, 1996, and have issued my report thereon dated February 25, 1997. In my report, my opinion was disclaimed because I was unable to confirm certain material account balances as described in Note 14, and documentation needed to properly conduct the audit was not available as described in Finding Number 7, nor was I able to satisfy myself as to those financial activities by other auditing procedures.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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