

Housing Authority of the Town of Pearl River
 Pearl River, Louisiana

COMBINED BALANCE SHEET -
 ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1996

ASSETS

	Governmental Fund - Special Revenue Fund	Account Group - General Fixed Assets	Total (Minorities Only)
Cash and cash equivalents	\$ 39,322	\$ -	\$ 39,322
Office furniture and equipment	-	4,669	4,669
	<u>\$ 39,322</u>	<u>\$ 4,669</u>	<u>\$ 43,991</u>

LIABILITIES, EQUITY AND OTHER CREDITS

Accounts payable - HLED	\$ 44,259	\$ -	\$ 44,259
Accounts payable - other	501	-	501
Accrued liabilities	1,990	-	1,990
	<u>46,750</u>	<u>-</u>	<u>46,750</u>
Fund balance (deficit)	(7,334)	-	(7,334)
Investment in general fixed assets	-	4,669	4,669
	<u>(7,334)</u>	<u>4,669</u>	<u>(2,665)</u>
	<u>\$ 39,322</u>	<u>\$ 4,669</u>	<u>\$ 43,991</u>

The accompanying notes are an integral part of these statements.

The Board of Commissioners
Housing Authority of the Town of Pearl River

The Analysis of Surplus - Statement Basis is in a HUD Prescribed Format, which is an Other Comprehensive Basis of Accounting. The information in these schedules has been subjected to the procedures applied in the audits of the component unit financial statements and, in our opinion, is fairly stated in all material respects to corroborate the component unit financial statements taken as a whole.

March 24, 1997

Smith, Havel & Associates, L.L.C.

Smith, Huval & Associates, L.L.C.

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Housing Authority of the Town of Pearl River
Pearl River, Louisiana

We have audited the accompanying component unit combined balance sheet - all fund types and account groups of the Housing Authority of the Town of Pearl River (a governmental agency) as of December 31, 1996, and the component unit statements of revenues, expenditures and changes in fund balances for the years ended December 31, 1996 and 1995. These component unit financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these component unit financial statements based on our audits.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material aspects, the financial position of the Housing Authority of the Town of Pearl River as of December 31, 1996, and the results of its operations for the years ended December 31, 1996 and 1995, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued reports dated March 24, 1997, on our consideration of the internal control structure of the Housing Authority of the Town of Pearl River and on its compliance with laws and regulations.

Our audits were made for the purpose of forming an opinion on the component unit financial statements of the Housing Authority of the Town of Pearl River taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the component unit financial statements.

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Housing Authority of the Town of Pearl River
Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1996 and 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting

The accounts of the Housing Authority are organized on the basis of Governmental Fund accounting used by governmental entities. The Special Revenue Fund type, a governmental fund, is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Housing Authority's special revenue fund contains transactions of the Section 8 Housing Assistance program administered by the Housing Authority.

3. 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.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting, when the related fund liability is incurred.

4. Budgets and Budgetary Accounting

The following summarizes the budget activities of the Housing Authority for the years ended December 31, 1996 and 1995:

- A. Annually the Housing Authority adopts a budget for its special revenue fund.
- B. The budget is prepared in a FRD prescribed format, which is an Other Comprehensive Basis of Accounting.
- C. FRD approves all budgets adopted by the Housing Authority.

5. Cash and Cash Equivalents

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 of the union, or the laws of the United States.

Hearing Authority of the Town of Pearl River
Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1998 and 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. **Cash and Cash Equivalents - Continued**

The Hearing Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The Hearing Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 1998 and 1999, all cash and cash equivalents were fully insured by FDIC coverage, which is considered a category 1 credit risk.

6. **Federal Income Taxes**

The Authority is not subject to federal income taxes in accordance with the Internal Revenue Code (IRC) Section 115 regarding income of states, municipalities, political subdivisions, etc.

7. **Fixed Assets**

The office furniture and equipment are accounted for in the general fixed asset account group. Changes in general fixed assets are as follows:

	Balance 12/31/98	Additions	Deletions	Balance 12/31/99
Office furniture and equipment	\$ 2,883	\$ 1,772	\$ -	\$ 4,655

8. **Fund Deficits**

At December 31, 1998, the special revenue fund of the Hearing Authority had a fund deficit of \$3,357.

Housing Authority Of The Town Of Paul River
Paul River, Louisiana

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the Years Ended December 31, 1996 and 1995

Federal Grantor / Program Name	CFDA #	Grant ID #	Program Amount	
			1996	1995
U. S. Department of the Housing and Urban Development Direct Program Section 8 Rental Voucher	14.893	FW 2254	\$ 135,148	\$ 190,228
Total Federal Financial Assistance			\$ 135,148	\$ 190,228

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

To the Board of Commissioners
Housing Authority of the Town of Pearl River
Pearl River, Louisiana

We have audited the component unit combined balance sheet - all fund types and account groups of the Housing Authority of the Town of Pearl River as of December 31, 1995 and the statements of revenues, expenditures, and changes in fund balances for the years ended December 31, 1995 and 1994, and have issued our report thereon dated March 24, 1997.

In connection with our audit of these component unit financial statements and with our consideration of the Housing Authority of the Town of Pearl River's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, *Audit of State and Local Governments*, we selected certain transactions applicable to certain non-major federal financial assistance programs for the years ended December 31, 1995 and 1994.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Housing Authority of the Town of Pearl River's compliance with these requirements. Accordingly, we 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 our attention that caused us to believe that the Housing Authority of the Town of Pearl River had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with these requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor and the U.S. Department of the Housing and Urban Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

March 24, 1997

Smith, Huvval & Associates, L.L.C.

SUPPLEMENTAL INFORMATION SCHEDULES

Board of Directors of the Town of Pease Lake
Pease Lake, Louisiana

SPECIAL REVENUE FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET COMPARISON AND ACTUAL

For the year ended December 31, 1999 and 1998

	1999		1998		Variance Favorable Unfavorable
	Budget	Actual	Budget	Actual	
REVENUES					
Federal grants					
Annual Contribution award	\$ 200,411	175,149	\$ 200,000	188,120	\$ (6,880)
Grant Income	-	144	-	-	-
Total Revenues	<u>200,411</u>	<u>175,293</u>	<u>200,000</u>	<u>188,120</u>	<u>(6,880)</u>
EXPENDITURES					
Current					
Printing	174,200	154,400	174,200	176,000	500
Administrative	22,200	31,420	21,000	28,000	5,000
Printing, Reprints & equipment acquisition	-	1,777	-	200	-
Total Expenditures	<u>196,400</u>	<u>187,597</u>	<u>195,200</u>	<u>204,200</u>	<u>8,800</u>
Excess (Deficiency) of Revenues over Expenditures	\$ -	\$ (14,098)	\$ -	\$ (1,080)	\$ (6,800)
Fund balance at beginning of year		4,700		12,000	
Fund balance (deficiency) at end of year	\$ -	\$ (14,098)	\$ -	\$ (1,080)	\$ (6,800)

The accompanying notes are an integral part of these statements.

Housing Authority of the Town of Pearl River
 Pearl River, Louisiana

ANALYSIS OF SURPLUS - STATUTORY BASIS
 HUD-PREScribed FORMAT

For the Years Ended December 31, 1998 and 1999

	<u>1998</u>	<u>1999</u>
UNRESERVED SURPLUS		
Beginning Balance (Deficit)	\$(1,463,171)	\$(1,253,191)
Net Loss	(185,468)	(206,534)
Reduction Of Operating Reserve	12,498	7,472
Provision For Project Account	<u>148,256</u>	<u>(31,118)</u>
Ending Balance (Deficit)	<u>\$(1,681,293)</u>	<u>\$(1,483,171)</u>
OPERATING RESERVE		
Beginning Balance	\$ 4,260	\$ 12,432
Reduction Of Operating Reserve	<u>(12,088)</u>	<u>(7,672)</u>
Ending Balance (Deficit)	<u>\$ (7,828)</u>	<u>\$ (4,260)</u>
PROJECT ACCOUNT - UNFUNDED		
Beginning Balance	\$ 353,278	\$ 342,168
Provision For Project Account	<u>44,758</u>	<u>11,119</u>
Ending Balance	<u>\$ 398,036</u>	<u>\$ 353,278</u>
CUMULATIVE HUD CONTRIBUTIONS		
Beginning Balance	\$ 1,112,778	\$ 913,554
Annual Contributions Earned	<u>125,141</u>	<u>199,229</u>
Ending Balance	<u>\$ 1,237,919</u>	<u>\$ 1,112,778</u>
TOTAL SURPLUS - STATUTORY BASIS	<u>\$ (2,672)</u>	<u>\$ 2,643</u>

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

To the Board of Commissioners
Housing Authority of the Town of Pearl River
Pearl River, Louisiana

We have audited the component unit combined balance sheet - all fund types and account groups of the Housing Authority of the Town of Pearl River as of December 31, 1996 and the statements of revenues, expenditures and changes in fund balances for the years ended December 31, 1996 and 1995 and have issued our report thereon dated March 24, 1997.

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 Compliance Supplement for Single Audits of State and Local Governments; and Circular A-133, *Audit of State and Local Governments*, published by the Office of Management and Budget. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

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

In planning and performing our audit of the component unit financial statements of the Housing Authority of the Town of Pearl River for the years ended December 31, 1996 and 1995, we obtained an understanding of its internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we

To the Board of Commissioners
Housing Authority of the Town of Peabody

assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 and 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor and the U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

March 24, 1987

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

The Board of Commissioners
Housing Authority of the Town of Pearl River
Pearl River, Louisiana

We have audited the component unit combined balance sheet - all fund types and account groups of the Housing Authority of the Town of Pearl River as of December 31, 1996 and the statements of revenues, expenditures, and changes in fund balances for the years ended December 31, 1996 and 1995 and have issued our report thereon dated March 24, 1997.

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

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

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance which were described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of management and officers within the organization as well as the Louisiana Legislative Auditor and the U.S. Department of the Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

March 24, 1997

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

To the Board of Commissioners
Housing Authority of the Town of Pearl River
Pearl River, Louisiana

We have audited the component unit combined balance sheet - all fund types and account groups of the Housing Authority of the Town of Pearl River as of December 31, 1996 and the statements of revenues, expenditures, and changes in fund balances for the years ended December 31, 1996 and 1995, and have issued our report thereon dated March 24, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Quality of State and Local Government. These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

In planning and performing our audit for the years ended December 31, 1996 and 1995, we considered the internal control structure of the Housing Authority of the Town of Pearl River in order to determine our auditing procedures for the purpose of expressing our opinion on the Housing Authority of the Town of Pearl River's component unit financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the component unit financial statements in a separate report dated March 24, 1997.

The management of the Housing Authority of the Town of Pearl River 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 recorded in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with

The Board of Commissioners
Housing Authority of the Town of Pearl River

applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories: *Accounting controls* - cash receipts, cash disbursements; payroll; furniture, fixtures and equipment; and *Administrative controls* - political activity; civil rights; cash management; federal financial reports; allowable cost/audit principles; Drug-free Workplace Act; administrative requirements; eligibility; and reporting.

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 years ended December 31, 1996 and 1995, the Housing Authority had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following non-major program: U.S. Department of the Housing and Urban Development Direct Program - Section 8 Rental Voucher.

We performed tests of controls, as required by OMB Circular A-135, 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, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned non-major 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.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

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**HOUSING AUTHORITY OF THE TOWN OF PEARL RIVER
PEARL RIVER, LOUISIANA**

**COMPONENT UNIT
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

December 31, 1998 and 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or authorized entity and other appropriate public officials. The report is available for public inspection at the State House office or the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

MAY 28 1997

Release Date _____

Heating Authority Of The Town Of Pearl River
Pearl River, Louisiana

STATUS OF PRIOR AUDIT FINDINGS

December 31, 1996 and 1995

FINDINGS FROM THE DECEMBER 31, 1995 FINDINGS, RECOMMENDATIONS AND REPLIES:

1. OMB A-128 requires PHA's to have annual audits.

This reportable condition has been resolved.

Housing Authority of the Town of Pearl River
 Pearl River, Louisiana

SPECIAL REVENUE FUND
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES

For the years ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
REVENUES		
Federal sources		
Annual Contributions earned	\$ 175,149	\$ 159,220
Other Income	<u>148</u>	<u> </u>
Total Revenues	<u>175,297</u>	<u>159,220</u>
EXPENDITURES		
Current		
Housing assistance payments	152,495	178,510
Administration	13,323	38,826
Furniture, fixtures and equipment acquisition	<u>1,727</u>	<u>156</u>
Total Expenditures	<u>167,545</u>	<u>207,492</u>
Deficiency of Revenues over Expenditures	(12,098)	(47,672)
Fund balance at beginning of year	<u>4,560</u>	<u>12,432</u>
Fund balance (deficit) at end of year	<u>\$ (7,538)</u>	<u>\$ (4,560)</u>

The accompanying notes are an integral part of these statements.

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

To the Board of Commissioners
Housing Authority of the Town of Pearl River
Pearl River, Louisiana

We have audited the component unit combined balance sheet - all fund types and account groups of the Housing Authority of the Town of Pearl River as of December 31, 1996 and the statements of revenues, expenditures, and changes in fund balances for the years ended December 31, 1996 and 1995, and have issued our report thereon dated March 24, 1997.

We have applied procedures to test the Housing Authority of the Town of Pearl River's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance for the years ended December 31, 1996 and 1995: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Department of the Housing and Urban Development's Public and Indian Housing Catalogue Supplement for *Audits of Public Housing Agencies and Indian Housing Authorities*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Housing Authority of the Town of Pearl River's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Housing Authority of the Town of Pearl River had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor and the U.S. Department of the Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

March 24, 1997

Smith, Huvall & Associates, L.L.C.

The Board of Commissioners
Housing Authority of the Town of Pearl River

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor and the U.S. Department of the Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Smith, Hural & Associates, L.L.C.

March 24, 1997

Housing Authority Of The Town Of Pearl River
Pearl River, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 1986 and 1985

U.S. Department of Housing and Urban Development Grant Program: Section 8 Rental Voucher - (3116)
14-R55, Grant No. F90-2254.

II. SECTION 8 - TENANT FILES

CONDITIONS: One instance of a clerical error in the calculation of rental assistance, resulting in an overstatement of eligible assistance of \$138 per month.

CALCULATION OF QUESTIONED COSTS: Based upon a difference of \$138 per month, paid from February 6, 1986 to December, 1986, the total questioned costs are \$1,528.

RECOMMENDATIONS: All calculations should be double-checked prior to the payment of assistance or submission of forms to the Department of Housing and Urban Development.

MANAGEMENT RESPONSE: Management has since implemented procedures to ensure that all calculations are performed accurately.

1. PAYROLL TAX RETURNS

CONDITIONS: The Housing Authority filed certain prior year and current year payroll tax returns late and incurred penalties and interest in 1986 totaling \$123 which is a questioned cost.

RECOMMENDATIONS: The Housing Authority should file all payroll tax returns on a timely basis.

MANAGEMENT RESPONSE: Management has discussed this problem with its tax accountant and will ensure that all future payroll tax returns will be filed timely.

Housing Authority of the Town of Pearl River
Pearl River, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 1986 and 1985

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Housing Authorities are chartered as public corporations under the laws (LSA-RS 40:391) of the State of Louisiana for the purpose of providing safe and sanitary dwellings accommodations for residents. The Housing Authority of the Town of Pearl River is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Pearl River, serve a term of four years.

Under the United States Housing Act of 1937, as amended, the U. S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-cost housing programs in the United States. Accordingly, HUD has entered into an annual cost-benefit contract with the Housing Authority for the purpose of making annual contributions to the Housing Authority to maintain this low-cost character.

The Housing Authority participates in a Section 8 housing assistance payment program. This Rental Voucher Program provides assistance to low-income families. The program provides for a voucher which can be used by the tenant to pay rent to any landlord he chooses. The Housing Authority has 43 units under this program.

The accompanying financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles as applicable to governments. Such reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies.

1. Reporting Entity

The reporting entity for the Town of Pearl River consists of the Town of Pearl River, which as governing authority of the Town is the component unit with oversight responsibility, and the Housing Authority. Based upon the criteria of GASB Statement No. 14, it has been determined that the Housing Authority is the only component unit of the Town of Pearl River.

In accordance with GASB codification Section 2100, the Housing Authority is considered a component unit of the Town reporting entity because: (1) commissioners of the Housing Authority are appointed by the Honorable Mayor of the Town of Pearl River and; (2) the Housing Authority provides service to residents within the Town.

GASB Codification Section 2600 provides that a component unit may issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the financial operations of the Housing Authority and do not present information on the Town of Pearl River or the general government services provided by the Town.