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ST. MARY PARISH HOUSING PROGRAM
STATE OF LOUISIANA

Annual Component Unit Financial Statements
with Independent Auditors' Report

and

Independent Auditors' Reports on Federal Awards, Compliance,
and Internal Control

For the Year Ended September 30, 1999

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

Release Date APR 19 2000

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INDEPENDENT AUDITORS' REPORT

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

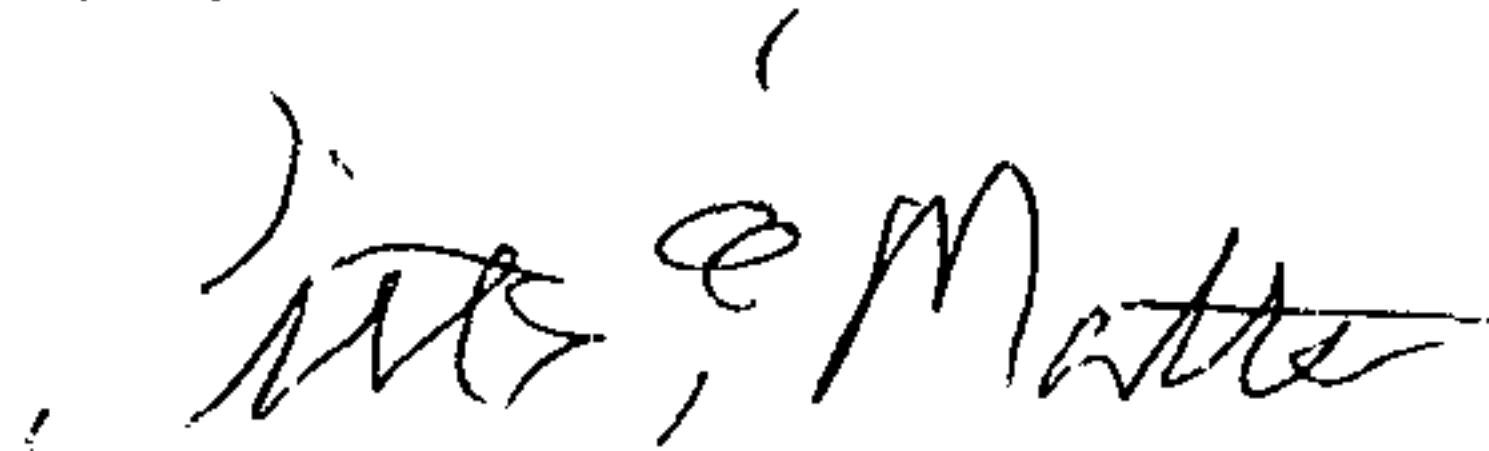
We have audited the accompanying general purpose financial statements and the combining individual fund financial statements of the St. Mary Parish Housing Program, a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the St. Mary Parish Housing Program's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Parish Housing Program, as of September 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the St. Mary Parish Housing Program, as of September 30, 1999, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 2000, on our consideration of the St. Mary Parish Housing Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements of the St. Mary Parish Housing Program. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "J. S. & M. A. Matter". The signature is written in a cursive style with a large initial "J" and "M".

CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2000

ST. MARY PARISH HOUSING PROGRAM

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 1999

	GOVERNMENTAL FUND TYPE SPECIAL REVENUE FUNDS	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash	\$292,814		\$292,814
Due from HUD	716		716
Other receivable	20,000		20,000
Fixed assets		\$1,925	1,925
		<hr/>	<hr/>
Total assets	\$313,530	\$1,925	\$315,455
	<hr/>	<hr/>	<hr/>
LIABILITIES AND EQUITY:			
Liabilities:			
Accounts payable	\$10,800		\$10,800
Retainage payable	9,770		9,770
Accrued expenses	135,447		135,447
Due to HUD	113,369		113,369
Deferred revenue	33,700		33,700
			<hr/>
Total liabilities	303,086	--	303,086
	<hr/>		<hr/>
Equity:			
Investments in general fixed assets		\$1,925	1,925
Fund balance	10,444		10,444
			<hr/>
Total equity	10,444	1,925	12,369
	<hr/>	<hr/>	<hr/>
Total liabilities and equity	\$313,530	\$1,925	\$315,455
	<hr/>	<hr/>	<hr/>

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

ST. MARY PARISH HOUSING PROGRAM

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended September 30, 1999**

	GOVERNMENTAL FUND TYPE Special Revenue Funds
Revenues:	
Federal grants	\$818,534
Interest	11,392
	<hr/>
Total revenues	829,926
	<hr/>
Expenditures:	
Health and welfare	
Housing assistance payments	299,326
Administrative costs	283,847
Construction/maintenance	225,318
Penalties	7,930
	<hr/>
Total expenditures	816,421
	<hr/>
Excess of revenue over expenditures	13,505
Fund balance (deficit) at beginning of year	(3,061)
	<hr/>
Fund balance at end of year	\$10,444
	<hr/> <hr/>

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

**ST. MARY PARISH HOUSING PROGRAM
CERTAIN SPECIAL REVENUE FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Section 8 Housing (The Entity's Only Budgeted Fund)
For the Year Ended September 30, 1999**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal grant	\$404,491	\$376,677	(\$27,814)
Interest		11,392	11,392
Total revenues	404,491	388,069	(16,422)
Expenditures:			
Health and welfare			
Housing assistance payments	324,630	299,326	25,304
Administrative costs	79,861	77,600	2,261
Penalties		7,930	(7,930)
Total expenditures	404,491	384,856	19,635
Excess of revenue over expenditures		3,213	3,213
Fund balance at beginning of year		7,231	7,231
Fund balance at end of year	--	\$10,444	\$10,444

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

ST. MARY PARISH HOUSING PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

September 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Mary Parish Housing Program administers housing assistance programs. The Section 8 Housing Program covers all of St. Mary Parish, excluding Morgan City and the Home Disaster Relief Program covers all of St. Mary Parish.

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

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

A. Reporting Entity

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

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

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

These financial statements include only the operations of the Program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

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

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

Governmental Fund

Special Revenue Funds

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

C. Basis of Accounting

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

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

The Program reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets

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

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

The program does not utilize encumbrance accounting.

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

E. Cash and Cash Equivalents

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

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

F. Fixed Assets

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

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

G. Memorandum Only - Total Column

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

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the Program's cash and cash equivalents was \$292,814 and the bank balance was \$351,379.

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

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

The following is a summary of the cash and cash equivalents, federal deposit insurance, and pledged securities as of September 30, 1999:

Cash and cash equivalents - stated value	<u>\$292,814</u>
Cash and cash equivalents - bank balance	351,379
Portion insured by federal deposit insurance	100,000
Collateralized by securities in the Program's name held by the Program or its agent	<u>NONE</u>
Balance uninsured and uncollateralized under GASB codification	251,379
Portion of deposits secured under Louisiana law	<u>251,379</u>
Amount unsecured under Louisiana law	<u>NONE</u>

NOTE 3 - CONTINGENCIES

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

NOTE 4 - FIXED ASSETS

A summary of the Program's fixed assets at September 30, 1999, follows:

	<u>Balance</u> <u>9/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/99</u>
Office Equipment	<u>\$1,925</u>	<u>--</u>	<u>--</u>	<u>\$1,925</u>
Total	<u>\$1,925</u>	<u>--</u>	<u>--</u>	<u>\$1,925</u>

NOTE 5 - RELATED PARTY

The Section 8 Housing Program and the Home Disaster Relief Program are administered by a management company. The company employs all of the inspectors and administrative personnel and bills each Program periodically. Periodically, the company advances funds to the Program, pending reimbursement of grant funds. During the year, the Program inadvertently overpaid the advance amount due to the management company by \$20,000. This amount is shown as other receivable at September 30, 1999.

NOTE 6 - CONCENTRATIONS

The Program receives ninety-nine percent of its revenue from federal grants.

NOTE 7 - RISK MANAGEMENT

The Program is exposed to various risks of loss related to torts and errors or omissions. The Corporation contracted to administer the program carries insurance to substantially cover all risks of the Program.

COMBINING INDIVIDUAL FUND FINANCIAL STATEMENTS

ST. MARY PARISH HOUSING PROGRAM
SPECIAL REVENUE FUNDS
September 30, 1999

SECTION 8 HOUSING PROGRAM

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

HOME DISASTER RELIEF PROGRAM

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

**ST. MARY PARISH HOUSING PROGRAM
SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET
September 30, 1999**

	<u>Section 8 Housing</u>	<u>Home Disaster Relief</u>	<u>Totals</u>
ASSETS:			
Cash	\$123,097	\$169,717	\$292,814
Due from HUD	716		716
Other receivable		20,000	20,000
	<hr/>	<hr/>	<hr/>
Total assets	\$123,813	\$189,717	\$313,530
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND EQUITY:			
Liabilities:			
Accounts payable		\$10,800	\$10,800
Due to HUD	\$113,369		113,369
Retainage payable		9,770	9,770
Accrued expenses		135,447	135,447
Deferred revenue		33,700	33,700
	<hr/>	<hr/>	<hr/>
Total liabilities	113,369	189,717	303,086
	<hr/>	<hr/>	<hr/>
Equity:			
Fund balance	10,444	--	10,444
	<hr/>	<hr/>	<hr/>
Total equity	10,444	--	10,444
	<hr/>	<hr/>	<hr/>
Total liabilities and equity	\$123,813	\$189,717	\$313,530
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**ST. MARY PARISH HOUSING PROGRAM
SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 1999**

	Section 8 <i>Housing</i>	Home Disaster <i>Relief</i>	<u>Totals</u>
Revenues:			
Federal grant	\$376,677	\$441,857	\$818,534
Interest	11,392		11,392
	<hr/>	<hr/>	<hr/>
Total revenues	388,069	441,857	829,926
	<hr/>	<hr/>	<hr/>
Expenditures:			
Health and welfare			
Housing assistance payments	299,326		299,326
Administrative costs	77,600	206,247	283,847
Construction/maintenance		225,318	225,318
Penalties	7,930		7,930
	<hr/>	<hr/>	<hr/>
Total expenditures	384,856	431,565	816,421
	<hr/>	<hr/>	<hr/>
Excess of revenue over expenditures	3,213	10,292	13,505
Fund balance (deficit) at beginning of year	7,231	(10,292)	(3,061)
	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$10,444	--	\$10,444
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

SCHEDULE OF FEDERAL AWARDS

ST. MARY PARISH HOUSING PROGRAM

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 1999**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	REVENUE	EXPENDITURES
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Housing-Federal Housing Commissioner			
*Section 8 Rental Voucher Program	14.855	\$65,895	\$61,721
*Section 8 Rental Certificate Program	14.857	310,782	323,135
**Home Disaster Relief Program	14.239	<u>441,857</u>	<u>431,565</u>
Total US Department of Housing and Urban Development		<u>\$818,534</u>	<u>\$816,421</u>

*Both programs are part of a cluster and are considered major programs.

**Major program

The accompanying note is an integral part of this financial schedule.

ST. MARY PARISH HOUSING PROGRAM
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 1999

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of activity of the Program's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

COMPLIANCE AND INTERNAL CONTROL



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

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

We have audited the general purpose financial statements of the St. Mary Parish Housing Program as of and for the year ended September 30, 1999, and have issued our report thereon dated March 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

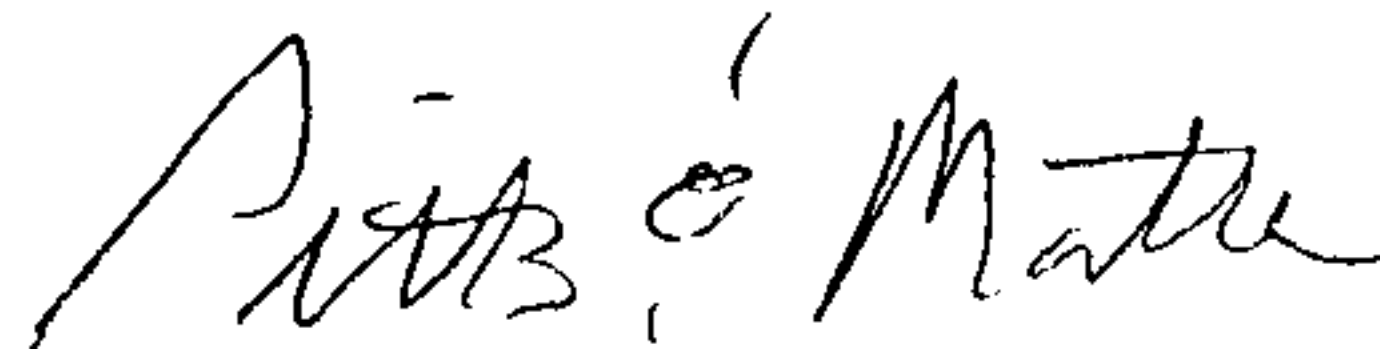
As part of obtaining reasonable assurance about whether the St. Mary Parish Housing Program's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as items 99-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Parish Housing Program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Mary parish Housing Program's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

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



CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2000



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

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

Compliance

We have audited the compliance of the St. Mary Parish Housing Program with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 1999. The St. Mary Parish Housing Program's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Mary Parish Housing Program's management. Our responsibility is to express an opinion on the St. Mary Parish Housing Program's compliance based on our audit.

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

As described in item 99-3 in the accompanying schedule of findings and questioned costs, St. Mary Parish Housing Program did not comply with requirements regarding cash management that is applicable to Section 8 Rental Certificate Program and Section 8 Rental Voucher Program. Compliance with this requirement is necessary, in our opinion, for the St. Mary Parish Housing Program, to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, St. Mary Parish Housing Program complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 1999.

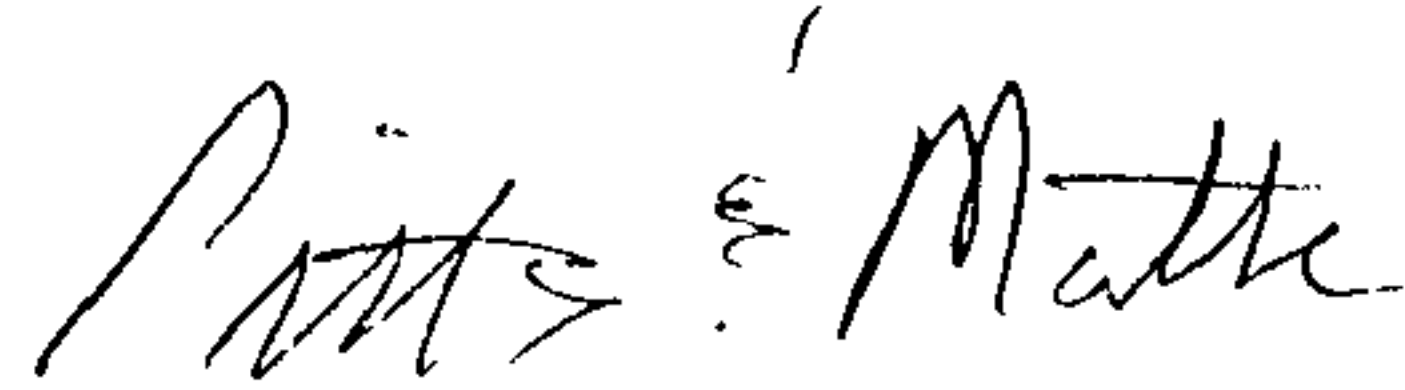
Internal Control Over Compliance

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

We noted one matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the St. Mary Parish Housing Program's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. This reportable conditions is described in the accompanying schedule of findings and questioned costs as items 99-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

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

A handwritten signature in cursive script that reads "Pritz & Matthe".

CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2000

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ST. MARY PARISH HOUSING PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the St. Mary Parish Housing Program.
2. One reportable condition disclosed during the audit of the general purpose financial statements is reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. This condition is reported as a material weakness.
3. One instance of noncompliance material to the general purpose financial statements of the St. Mary Parish Housing Program was disclosed during the audit.
4. One reportable condition disclosed during the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133. This condition is reported as a material weakness.
5. The auditors' report on compliance for the major federal award programs for St. Mary Parish Housing Program expresses a qualified opinion because of failure to comply with regulations related to draw down of federal funds.
6. Audit findings relative to the major federal award programs for the St. Mary Parish Housing Program are reported in Part C of this Schedule.
7. The programs tested as major programs include:

Section 8 Rental Certificate Program, CFDA No. 14.857.
Section 8 Rental Voucher Program, CFDA No. 14.855,
which are a part of a cluster.
Home Disaster Relief Program, CFDA No. 14.239
8. The threshold for distinguishing types A and B programs was \$300,000.
9. St. Mary Parish Housing Program was not determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

99-1. Federal Draw Downs

Type of Finding: Item of Noncompliance and Material Weakness

Condition: In the Section 8 Housing Program, management drew down substantially more federal funds than were utilized in the near future.

Criteria: Cash management compliance requirements state that federal funds should be drawn down so as to minimize the lapse of time between receipt of federal funds and disbursement.

Effect: Noncompliance with federal cash management requirements.

Cause: Management does not have a system in place to budget its near future cash flow needs to schedule federal draw downs appropriately.

Recommendation: Management should develop a system to budget its near cash flow needs and schedule payments to avoid lapses of time between receipt and disbursement of funds.

Management's Response: Management has implemented a process to periodically compare current housing assistance payments to the existing budget and make amendments where necessary, in a more timely manner. Fluctuations in tenant income, termination for fraud and drug related or criminal activity continue to make it difficult to monitor the housing assistance required for accurate implementation, however, management will make a diligent effort to correct this deficiency.

99-2 Error in Repayment of Advance

Type of Finding: Material weakness.

Condition: Periodically, the Home Disaster Relief Program has been short of funds to pay operating expenses. The company that administers the program has advanced funds to the program to pay these operating expenses. Later, when grant funds are received, these advances are paid back to the company. During the year, we discovered that the program inadvertently paid back \$74,000 to the company when only \$54,000 had been advanced at that time.

Criteria: Management should not overpay advances.

Effect: Lack of control over program funds.

Cause: Management's system to track advances is not adequate.

Recommendation: Management should establish a subsidiary ledger to track all advances made and received and periodically balance the subsidiary ledger to the general ledger.

Management's Response: The Company has agreed to immediately repay the overpayment. Management has developed a procedure to more accurately monitor such transactions should they be necessary in the future, however this is not anticipated.

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

99-3 U.S. Department of Housing and Urban Development
Section 8 Rental Certificate Program
CFDA No. 14.857

Project No. LA220CE Year Ended
September 30, 1999

Questioned
Costs

Type of finding: Item of Noncompliance

Condition and Criteria: During the year, management drew down substantially more federal funds than were utilized in the near future. Federal cash management requirements call for a minimum lapse of time between receipt and disbursement of federal funds.

Effect: Noncompliance with federal cash management requirements.

No
monetary
effect

Cause: There is no system in place to budget the Program's near future cash flow needs and schedule federal draw downs accordingly.

Recommendation: Management should develop a system to budget its near cash flow needs and schedule payments to avoid lapses of time between receipt and disbursement of funds.

Management's Response: Management has implemented a process to periodically compare current housing assistance payments to the existing budget and make amendments where necessary, in a more timely manner. Fluctuations in tenant income, termination for fraud and drug related or criminal activity continue to make it difficult to monitor the housing assistance required for accurate implementation, however, management will make a diligent effort to correct this deficiency.

99-4 U.S. Department of Housing and Urban Development
Home Disaster Relief Program
CFDA No. 14.239

Type of Finding: Material weakness.

Condition: Periodically, the program has been short of funds to pay operating expenses. The company that administers the program has advanced funds to the program to pay these operating expenses. Later, when grant funds are received, these advances are paid back to the company. During the year, we discovered that the program inadvertently paid back \$74,000 to the company when only \$54,000 had been advanced at that time.

Criteria: Management should not overpay advances.

Effect: Lack of control over program funds.

Cause: Management's system to track advances is not adequate.

Recommendation: Management should establish a subsidiary ledger to track all advances made and received and periodically balance the subsidiary to the general ledger.

Management's Response: The Company has agreed to immediately repay the overpayment. Management has developed a procedure to more accurately monitor such transactions should they be necessary in the future, however this is not anticipated.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY ST. MARY PARISH HOUSING PROGRAM

Material Weaknesses and Items of Noncompliance

Federal Draw downs (Items 98-1,98-4)

Condition: During the year, management drew down substantially more federal funds than were utilized in the near future.

Corrective Action: Management reviewed the required assistance payments and prepared a budget revision. However, it was not done in a timely manner to ensure that the funds received would be amended. Management has since implemented a process to review current housing assistance payments to the existing budget and make amendments where necessary, in a more timely manner.

Interest Earnings (Items 98-2,98-5)

Condition: Excess program funds on hand during the year were not invested to earn interest.

Corrective Action: The fund account is earning interest, therefore correcting this deficiency.

Reportable Conditions

Budget - Section 8 Housing Program (Item 98-3)

Condition: Notification was not made and budgets were not amended although revenues failed to come within five percent of budgeted revenues.

Corrective Action: Administrative budgets amended the revenue to within 5%, therefore correcting this deficiency.



ST MARY PARISH HOUSING OFFICE

room 107 parish courthouse franklin, la 70538

March 28, 2000

Dr. Daniel G. Kyle
Office of Legislative Auditors
State of Louisiana
P O Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

The St Mary Parish Housing Program respectively submits the following corrective action plan for their year ended September 30, 1999.

CORRECTIVE ACTION

Person Responsible: James L Firmin, Program Administrator
Angela M Kraemer, Programs Manager
St Mary Parish Government Section 8 Program
Room 107 Parish Courthouse
Franklin, LA 70538
(318) 828-3986

Time for Completion: September 2000

ITEM OF NON-COMPLIANCE: RE: Items 99-1, 99-3

Federal Drawdowns: During the year, management drew down substantially more Federal funds than were utilized in the near future.

Corrective Action: Management has implemented a process to periodically compare current housing assistance payments to the existing budget and make amendments where necessary, in a more timely manner. Fluctuations in tenant income, termination for fraud and drug related or criminal activity continue to make it difficult to monitor the housing assistance required for accurate implementation, however, management will make a diligent effort to correct this deficiency.

MATERIAL WEAKNESS: RE: Items 99-2, 99-4


Advance Overpayment: During the year, the company advanced the HOME program funds. Management overpaid the repayment of these funds.

Corrective Action: The company has agreed to immediately repay the overpayment. Management has developed a procedure to more accurately monitor such transactions should they be necessary in the future, however this is not anticipated.

This plan of action is being submitted in accordance with Legislative requirements. If you have any questions concerning this action plan, contact the undersigned or my assistant Ms. Angela Kraemer.

ST MARY PARISH HOUSING OFFICE


James L. Firmin
Programs Administrator


Angela M. Kraemer
Programs Manager