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**HOUSING AUTHORITY OF THE VILLAGE OF PARKS, LOUISIANA**

**REPORT ON EXAMINATION OF  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**

**TWENTY-FOUR MONTHS ENDED JUNE 30, 1998**

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

Release Date AUG 04 1999

**MIKE ESTES, P.C.**  
A PROFESSIONAL ACCOUNTING CORPORATION

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MEMBER  
AMERICAN BOARD CERTIFIED  
PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners  
Housing Authority of the  
Village of Parks  
St. Martinville, Louisiana

Regional Inspector General for Audit  
Office of Inspector General  
Department of Housing and Urban  
Development

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the Housing Authority of the Village of Parks, Louisiana at and for the twenty-four months ended June 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of the Village of Parks, Louisiana'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, and provisions of the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the authority's policy is to prepare its financial statements on the basis of accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. In our opinion, the general-purpose financial statements referred to above do not present fairly, the PHA's financial position in accordance with generally accepted accounting principles.

However, the general-purpose financial statements do present fairly the financial position of the Housing Authority of the Village of Parks, Louisiana as of June 30, 1998 and the results of its operations and changes in its surplus for the twenty-four months then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 14, 1999 on our consideration of Housing Authority of the Village of Parks'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 statement of the Housing Authority of the Village of Parks, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. 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.

*Mike Estes P. C.*

Fort Worth, Texas  
June 14, 1999

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1998

	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt		
ASSETS									
Cash and cash equivalents	\$ 221.32	\$	\$	\$	\$	\$	\$	\$	221.32
Receivables, net of allowances:									
Rentals	1,151.00								1,151.00
Other	3,832.39								3,832.39
Due from:									
Other funds					963.00				963.00
Other governments			15,351.49						15,351.49
Prepaid expenditures	2,350.00								2,350.00
Property, plant and equipment						710,964.43			710,964.43
Amount to be provided for retirement of general long-term debt							117,906.25		117,906.25
Total Assets	\$ 7,554.71	\$ 0.00	\$ 15,351.49	\$ 0.00	\$ 963.00	\$ 710,964.43	\$ 117,906.25	\$ 117,906.25	\$ 852,739.88

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)  
JUNE 30, 1998

	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency		General Fixed Assets	General Long-Term Debt	
<b>LIABILITIES AND FUND EQUITY</b>									
LIABILITIES									
Accounts payable	\$ 695.06	\$	\$	\$	\$				\$ 695.06
Due to:									
Tenants					963.00				963.00
Other funds	963.00								963.00
General obligation bonds payable and other liabilities							117,906.25		117,906.25
<b>Total Liabilities</b>	<u>1,658.06</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>963.00</u>	<u>0.00</u>	<u>117,906.25</u>		<u>120,527.31</u>
<b>FUND EQUITY</b>									
Investment in general fixed assets						710,964.43			710,964.43
Fund balances:									
Reserved for debt service			15,351.49						15,351.49
Unreserved:									
Undesignated	5,896.65								5,896.65
<b>Total Fund Equity</b>	<u>5,896.65</u>	<u>0.00</u>	<u>15,351.49</u>	<u>0.00</u>	<u>0.00</u>	<u>710,964.43</u>	<u>0.00</u>	<u>0.00</u>	<u>732,212.57</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 7,554.71</u>	<u>\$ 0.00</u>	<u>\$ 15,351.49</u>	<u>\$ 0.00</u>	<u>\$ 963.00</u>	<u>\$ 710,964.43</u>	<u>\$ 117,906.25</u>	<u>\$</u>	<u>\$ 852,739.88</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 1998

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>REVENUES</b>					
Rentals	\$ 22848.00	\$	\$	\$	\$ 22,848.00
Intergovernmental	10344.00		15,012.94		25,356.94
Interest	2.70				2.70
Other	1,416.35				1,416.35
<b>Total Revenues</b>	<b>34,611.05</b>	<b>0.00</b>	<b>15,012.94</b>	<b>0.00</b>	<b>49,623.99</b>
<b>EXPENDITURES</b>					
Administration	10,047.52				10,047.52
Utilities	8,754.53				8,754.53
Ordinary maintenance	5,838.55				5,838.55
General expenditures	6,539.14				6,539.14
Debt service:					
Principal retirement			9,281.25		9,281.25
Interest			5,723.54		5,723.54
<b>Total expenditures</b>	<b>31,179.74</b>	<b>0.00</b>	<b>15,004.79</b>	<b>0.00</b>	<b>46,184.53</b>
Excess (deficiency) of revenues over (under) expenditures	3,431.31	0.00	8.15	0.00	3,439.46
<b>OTHER FINANCING SOURCES(USES)</b>					
Operating transfers in					0.00
Operating transfers out					0.00
<b>Total other financing sources(uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
FUND BALANCE, beginning of year	2,465.34		15,343.34		17,808.68
FUND BALANCE, end of year	\$ 5,896.65	\$ 0.00	\$ 15,351.49	\$ 0.00	\$ 21,248.14

The Notes to Financial Statements are an integral part of these statements.



HOUSING AUTHORITY OF THE VILLAGE OF PARKS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 1997

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>REVENUES</b>					
Rentals	\$ 25,669.00	\$	\$	\$	\$ 25,669.00
Intergovernmental	6,193.00		15,012.94		21,205.94
Other	95.00				95.00
Total Revenues	<u>31,957.00</u>	<u>0.00</u>	<u>15,012.94</u>	<u>0.00</u>	<u>46,969.94</u>
<b>EXPENDITURES</b>					
Administration	9,867.23				9,867.23
Utilities	8,998.30				8,998.30
Ordinary maintenance	5,903.83				5,903.83
General expenditures	8,326.07				8,326.07
Other direct program costs	51.79				51.79
Debt service:					
Principal retirement			24,958.06		24,958.06
Interest			6,125.63		6,125.63
Total expenditures	<u>33,147.22</u>	<u>0.00</u>	<u>31,083.69</u>	<u>0.00</u>	<u>64,230.91</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,190.22)</u>	<u>0.00</u>	<u>(16,070.75)</u>	<u>0.00</u>	<u>(17,260.97)</u>
<b>OTHER FINANCING SOURCES(USES)</b>					
Operating transfers in					0.00
Operating transfers out					0.00
Total other financing sources(uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE, beginning of year	<u>3,655.56</u>		<u>31,414.09</u>		<u>35,069.65</u>
FUND BALANCE, end of year	<u>\$ 2,465.34</u>	<u>\$ 0.00</u>	<u>\$ 15,343.34</u>	<u>\$ 0.00</u>	<u>\$ 17,808.68</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND AND SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 1998

	General Fund		Special Revenue Funds		Over (Under) Budget
	Budget	Actual	Budget	Actual	
REVENUES					
Rentals	\$ 22,580.00	\$ 22,848.00	\$ 268.00	\$	\$ 0.00
Intergovernmental		10,344.00	10,344.00		0.00
Interest		2.70	2.70		0.00
Other income	1,480.00	1416.35	(63.65)		0.00
Total Revenues	24,060.00	34,611.05	10,551.05	0.00	0.00
EXPENDITURES					
Administration	10,220.00	10,047.52	(172.48)		0.00
Utilities	9,210.00	8754.53	(455.47)		0.00
Ordinary maintenance	2,440.00	5,838.55	3,398.55		0.00
General expenditures	8,810.00	6539.14	(2,270.86)		0.00
Total Expenditures	30,680.00	31,179.74	499.74	0.00	0.00
Excess (deficiency) of revenues over (under) expenditures	\$ (6,620.00)	3,431.31	\$ 10,051.31	0.00	\$ 0.00
Transfer of net income to unreserved deficit					
FUND BALANCES, beginning of year		2,465.34			
FUND BALANCES, end of year		\$ 5,896.65	\$	0.00	\$ 0.00

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND AND SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 1997

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
<b>REVENUES</b>						
Rentals	\$ 25,980.00	\$ 25,669.00	\$ (311.00)	\$	\$	0.00
Intergovernmental	6,193.00	6,193.00	0.00			0.00
Other income	120.00	95.00	(25.00)			0.00
<b>Total Revenues</b>	<b>32,293.00</b>	<b>31,957.00</b>	<b>(336.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>						
Administration	9,640.00	9,867.23	227.23			0.00
Utilities	7,920.00	8,998.30	1,078.30			0.00
Ordinary maintenance	2,540.00	5,903.83	3,363.83			0.00
Other services	0.00	51.79	51.79			0.00
General expenditures	8,440.00	8,326.07	(113.93)			0.00
Capital expenditures	1,360.00	0.00	(1,360.00)			0.00
<b>Total Expenditures</b>	<b>29,900.00</b>	<b>33,147.22</b>	<b>3,247.22</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 2,393.00	(1,190.22)	\$ (3,583.22)	\$ 0.00	\$ 0.00	\$ 0.00
Transfer of net income to unreserved deficit						
<b>FUND BALANCES, beginning of year</b>		3655.56				
<b>FUND BALANCES, end of year</b>		\$ 2,465.34		\$	0.00	

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 DEBT SERVICE AND CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 1998

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Rentals	\$ 15,012.94	\$ 15,012.94	\$ 0.00	\$	\$	\$ 0.00
Total Revenues	15,012.94	15,012.94	0.00	0.00	0.00	0.00
EXPENDITURES						
Debt Service:						
Principal retirement	9,281.25	9,281.25	0.00			0.00
Interest	5,723.54	5,723.54	0.00			0.00
Total Expenditures	15,004.79	15,004.79	0.00	0.00	0.00	0.00
Excess (deficiency) of revenues over (under) expenditures	\$ 8.15	8.15	0.00	0.00	0.00	0.00
Transfer of net income to unreserved deficit						
FUND BALANCES, beginning of year		15,343.34				
FUND BALANCES, end of year		\$ 15,351.49		\$	0.00	

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET (GAAP BASIS) AND ACTUAL  
 DEBT SERVICE AND CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 1997

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Rentals	\$ 15,012.94	\$ 15,012.94	\$ 0.00	\$	\$	\$ 0.00
Total Revenues	15,012.94	15,012.94	0.00	0.00	0.00	0.00
EXPENDITURES						
Debt Service:						
Principal retirement	24,958.06	24,958.06	0.00			0.00
Interest	6,125.63	6,125.63	0.00			0.00
Total Expenditures	31,083.69	31,083.69	0.00	0.00	0.00	0.00
Excess (deficiency) of revenues over (under) expenditures	<u>\$(16,070.75)</u>	<u>(16,070.75)</u>	<u>\$ 0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>\$ 0.00</u>
Transfer of net income to unreserved deficit						
FUND BALANCES, beginning of year		31,414.09				
FUND BALANCES, end of year		<u>\$ 15,343.34</u>			<u>\$ 0.00</u>	

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Parks, Louisiana (the Authority), a public corporate body, was organized for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by providing decent housing, a suitable living environment, and economic opportunities principally for persons of low and moderate income.

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the Village of Parks, Louisiana. Each member serves a five-year term on a rotating basis. Substantially all of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities, housing assistance payments for eligible individuals, and receipt of annual debt service requirements for HUD-related long-term debt.

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and data from these units, if any, are combined with data of the Authority. Each discretely presented component unit, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the Authority. As of June 30, 1998, and for the fiscal year then ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

(2) Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped by type and broad categories in the financial statements as follows:

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

NOTES TO FINANCIAL STATEMENTS

(Continued)

JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Fund Accounting (continued)

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the Authority are financed. The measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The following are the Authority's governmental fund types:

General Fund - The General Fund is the general operating fund of the Authority. The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Authority which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for the payment of interest, principal, and related costs of general long-term debt.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or rehabilitation of major capital facilities.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Authority as an agent for individuals, private organizations, other governmental units, and/or other funds. The following is the Authority's fiduciary fund type:

Agency Funds - Agency Funds include Tenant Security Deposit Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

NOTES TO FINANCIAL STATEMENTS

(Continued)  
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the Authority's general fixed assets and general long-term debt for governmental fund types. These are not "funds." They are concerned only with the measurement of financial position and not with results of operations. The following are the Authority's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Authority.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the Authority.

(4) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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 focus applied. All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered "measurable" when received in cash, except for certain revenues which are accrued when they are both measurable and available or have not been received at the normal time of receipt. Certain grant revenues are accrued when funds are expended. Revenues susceptible to accrual are federal grants, interest on investments, and other miscellaneous revenues which are both measurable and available to finance expenditures of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Agency Funds are custodial in nature and do not measure results of operations. They are clearing accounts whose assets at all times are equally offset by related liabilities.

(5) Budgetary Data

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program, included in the General Fund, and all Assisted Housing (Section 8) Programs, included in Special Revenue Funds. Annual budgets are not required for Capital Projects Funds as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.



HOUSING AUTHORITY OF THE VILLAGE OF PARKS

NOTES TO FINANCIAL STATEMENTS

(Continued)

JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures, such as reinstatement of prior-year encumbrances. The Board and HUD must approve fund appropriation increases. Any unused appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

The original budget has been amended throughout the year to reflect changes in revenue and expenditure estimates.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables. The difference is not considered materially different from generally accepted accounting principles.

(6) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(7) Tenant Receivables

Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts amounting to \$ -0- at June 30, 1998.

(8) Interfund Transactions

During the course of normal operations, the Authority has numerous transactions between funds to provide services, construct assets, and service debt. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

(9) General Fixed Assets

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation is not recorded on general fixed assets. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings, including roads, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

NOTES TO FINANCIAL STATEMENTS

(Continued)  
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs of completed Modernization projects are reported as construction-in-progress until audited cost certification reports are submitted to HUD, at which time such costs are transferred to the appropriate property categories.

(10) General Long-Term Debt

All long-term indebtedness of the Authority is accounted for in the General Long-Term Debt Account Group and is intended to be paid through the Debt Service Fund.

(11) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service. The cost of this has not been accrued due to immateriality.

(12) Total Columns on Combined Statements

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 generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 1998. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized, uninsured and unregistered, but with securities held by the bank, its trust department, or its agent, pledged to the PHA, but not in the PHA's name.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 1998

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total Bank Balances	Category		
	1	2	3
\$ <u>221.32</u>	\$ <u>221.32</u>	\$ <u>0.00</u>	\$ <u>0.00</u>

NOTE C - ACTIVITIES OF THE PHA

At June 30, 1998, the PHA was managing 16 units of low-rent in one project under Program FW - 1097.

NOTE D - CONTINGENCIES

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Changes in the general fixed assets account group are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 54,912.19	\$	\$	\$ 54,912.19
Buildings	352,962.45			352,962.45
Equipment	32,569.68			32,569.68
Costr. in progress	270,520.11			270,520.11
Total	\$ <u>710,964.43</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>710,964.43</u>

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

NOTES TO FINANCIAL STATEMENTS  
(Continued)  
JUNE 30, 1998

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>Interest Rate</u>		<u>Principal Balance</u>
Bond payable, June 1, 1967 series	4.5 %	\$	<u>117,906.25</u>

The bonds mature in series annually in varying amounts with the final maturity date in 2008. All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

Long-term debt is secured by the land and buildings of the entity.

Changes in long-term debt is as follows:

		<u>Bonds</u>
Balance, beginning of period, 7/1/96	\$	152,145.56
Principal retirement		<u>34,239.31</u>
Balance, end of period, 6/30/98	\$	<u>117,906.25</u>

Schedule retirements of long-term debt is as follows:

1999	\$	9,625.00
2000		10,312.50
2001		10,312.50
2002		11,343.75
2003		11,343.75
Thereafter		<u>64,968.75</u>
		117,906.25

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

NOTES TO FINANCIAL STATEMENTS

(Continued)

JUNE 30, 1998

NOTE G - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

Long Term Debt

It is not possible to estimate the fair value of long term debt owed to the federal government by this governmental entity, a housing authority. FASB 107 describes fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

NOTE H - ACCOUNTING FOR THE IMPAIRMENT OF LONG - LIVED ASSETS

The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

NOTE I - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE J - YEAR 2000 COMPUTER CONVERSION

The PHA utilizes a fee accountant. The fee accountant has assessed the Year 2000 computer conversion issues. The fee accountant has purchased a new computer in June 1999. The software providers for the PHA's in-house software also appear to have addressed the Y2K issues.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

FIDUCIARY FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 1998

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>		
Due from General Fund- Audit finding #11	\$ 963.00	\$ 963.00
Total Assets	<u>\$ 963.00</u>	<u>\$ 963.00</u>
<b>LIABILITIES</b>		
Due to tenants	\$ 963.00	\$ 963.00
Total Liabilities	<u>\$ 963.00</u>	<u>\$ 963.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS  
 FIDUCIARY FUNDS  
 SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS  
 JUNE 30, 1998

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
DEPOSIT BALANCES AT JULY 1, 1996	\$ 728.00	\$ 728.00
ADDITIONS		
<u>Payments from tenants</u>	235.00	235.00
_____		0.00
_____		0.00
_____		0.00
_____		0.00
Total Additions	<u>235.00</u>	<u>235.00</u>
REDUCTIONS		
_____		0.00
_____		0.00
_____		0.00
_____		0.00
_____		0.00
Total Reductions	<u>0.00</u>	<u>0.00</u>
DEPOSIT BALANCES AT JUNE 30, 1998	\$ <u>963.00</u>	\$ <u>963.00</u>

The Notes to Financial Statements are an integral part of these statements.

## HOUSING AUTHORITY OF THE VILLAGE OF PARKS

BALANCE SHEET – STATUTORY BASIS  
JUNE 30, 1998ANNUAL CONTRIBUTION CONTRACT  
FW – 1097ASSETS

Cash - Exhibit E	\$	221.32
Cash short		3,627.34
Accounts receivable - tenants		1,151.00
Accounts receivable - other		205.05
Debt amortization funds		15,351.49
Deferred charges		2,350.00
Land, structures and equipment		<u>710,964.43</u>
Total Assets	\$	<u><u>733,870.63</u></u>

LIABILITIES AND SURPLUS

Accounts payable	\$	1,658.06
Fixed liabilities		<u>117,906.25</u>
Total Liabilities		119,564.31
Surplus - Exhibit C		<u>614,306.32</u>
Total Liabilities and Surplus	\$	<u><u>733,870.63</u></u>

The Notes to Financial Statements are an integral part of these statements.



## HOUSING AUTHORITY OF THE VILLAGE OF PARKS

## STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT  
FW — 1097

	<u>Year Ended</u>	<u>Year Ended</u>
	<u>06-30-97</u>	<u>06-30-98</u>
Operating Income		
Dwelling rental	\$ 25,669.00	\$ 22,848.00
Interest on general fund investments	0.00	2.70
Other income	95.00	1,416.35
Total Operating Income - Exhibit D	<u>25,764.00</u>	<u>24,267.05</u>
Operating Expenses		
Tenant expenses	51.79	
Administration	9,867.23	10,047.52
Utilities	8,998.30	8,754.53
Ordinary maintenance and operation	5,903.83	5,838.55
General expense	6,839.61	8,457.74
Total Operating Expense - Exhibit D	<u>31,660.76</u>	<u>33,098.34</u>
Net Operating Income (Loss)	<u>(5,896.76)</u>	<u>(8,831.29)</u>
Other Credits		
Prior year adjustments - affecting residual receipts	0.00	251.53
Total Other Credits	<u>0.00</u>	<u>251.53</u>
Other Charges		
Internet expense	6,125.63	5,723.44
Prior year adjustments- Affecting residual receipts	1,486.46	
Total Other Charges	<u>7,612.09</u>	<u>5,723.44</u>
Net Loss - Exhibit C	<u>\$ (13,508.85)</u>	<u>\$ (14,303.20)</u>

The Notes to Financial Statements are an integral part of these statements.

## HOUSING AUTHORITY OF THE VILLAGE OF PARKS

ANALYSIS OF SURPLUS — STATUTORY BASIS  
TWELVE MONTHS ENDED JUNE 30, 1998ANNUAL CONTRIBUTION CONTRACT  
FW — 1097Unreserved Surplus

Balance per prior audit at 06-30-96	\$	(419,337.24)
Net loss for the year ended 06-30-97 - Exhibit B(1)		(13,508.85)
(Provision for) reduction of Operating Reserve for year ended 06-30-97 - Exhibit D		1,190.22
Prior audit adjustment recorded in subsequent year		3,097.08
Net loss for the year ended 06-30-98 - Exhibit B(2)		(14,303.20)
(Provision for) reduction of Operating Reserve for year ended 06-30-98 - Exhibit D		(1,764.24)
Balance at 06-30-98		<u>(444,626.23)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 06-30-97		4,145.14
Provision for (reduction of) Operating Reserve for the year ended 06-30-97 - Exhibit D		(1,190.22)
Provision for (reduction of) Operating Reserve for the year ended 06-30-98 - Exhibit D		1,764.24
Other Adjustment		<u>1,667.07</u>
Balance at 06-30-98 - Exhibit E	\$	<u>6,386.23</u>

The Notes to Financial Statements are an integral part of these statements.

## HOUSING AUTHORITY OF THE VILLAGE OF PARKS

ANALYSIS OF SURPLUS – STATUTORY BASIS  
TWELVE MONTHS ENDED JUNE 30, 1998ANNUAL CONTRIBUTION CONTRACT  
FW – 1097Cumulative HUD Contributions

Balance per prior audit at 06-30-96	\$	577,037.02
Annual contribution for year ended 06-30-97 - Exhibit D		15,012.94
Operating subsidy for year ended 06-30-97		6,193.00
Other Adjustment		16,020.56
Annual contribution for year ended 06-30-98 - Exhibit D		15,012.94
Operating subsidy for year ended 06-30-98		10,344.00
Balance at 06-30-98		<u>639,620.46</u>

Cumulative HUD Grants

Balance per prior audit at 06-30-96		<u>412,925.86</u>
Balance at 06-30-98		<u>412,925.86</u>
Total Surplus - Exhibit A	\$	<u><u>614,306.32</u></u>

The Notes to Financial Statements are an integral part of these statements.

## HOUSING AUTHORITY OF THE VILLAGE OF PARKS

## COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT  
FW - 1097

	<u>Year Ended</u> <u>06-30-97</u>	<u>Year Ended</u> <u>06-30-98</u>
<u>Computation of Residual Receipts</u>		
<u>Operating Receipts</u>		
Operating Income - Exhibit B	\$ 25,764.00	\$ 24,267.05
HUD operating subsidy	6,193.00	10,344.00
Prior year adjustments - affecting residual receipts	0.00	251.53
Total Operating Receipts	<u>31,957.00</u>	<u>34,862.58</u>
<u>Operating Expenditures</u>		
Operating expenses - Exhibit B	<u>31,660.76</u>	<u>33,098.34</u>
Total Operating Expenditures	<u>31,660.76</u>	<u>33,098.34</u>
Prior year adjustments- affecting residual receipt	<u>(1,486.46)</u>	
Residual receipts (deficit) per audit before provision for reserve	(1,190.22)	1,764.24
Audit adjustments (backed out)		
Residual receipts per PHA before provision for reserve	(1,190.22)	1,764.24
(Provision for) or reduction of operating reserve - Exhibit C	<u>1,190.22</u>	<u>(1,764.24)</u>
Residual receipts per PHA	<u>\$ 0.00</u>	<u>\$ 0.00</u>

The Notes to Financial Statements are an integral part of these statements.

## HOUSING AUTHORITY OF THE VILLAGE OF PARKS

## COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT  
FW - 1097

	<u>Year Ended</u>	<u>Year Ended</u>
	<u>06-30-97</u>	<u>06-30-98</u>
<u>Computation of Accruing Annual Contributions</u>		
Fixed annual contribution	\$ <u>15,012.94</u>	\$ <u>15,012.94</u>
Total Annual Contribution - Exhibit C	\$ <u><u>15,012.94</u></u>	\$ <u><u>15,012.94</u></u>

The Notes to Financial Statements are an integral part of these statements.

## HOUSING AUTHORITY OF THE VILLAGE OF PARKS

## ANALYSIS OF GENERAL FUND CASH BALANCE

## ANNUAL CONTRIBUTION CONTRACT

FW - 1097Composition Before Adjustments

Net operating receipts retained:

Operating reserves - Exhibit C \$ 6,386.23

6,386.23

## Adjustments

Expenses/costs not paid:

Accounts payable 1,658.06

Current fund imbalance (489.58)

Income not received:

Accounts receivable (1,356.05)

Cash short (3,627.34)

General Fund Cash Available 2,571.32

General Fund Cash:

Applied to deferred charges

(prepaid insurance, inventories, etc.) (2,350.00)General Fund Cash - Exhibit A \$ 221.32

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 1998

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>CDFA NO.</u>	<u>GRANT ID NO.</u>	<u>AWARD AMOUNT</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Low-Income Housing				
Annual Contribution	14.850	FW- 1097	\$ 15,012.94	\$ 15,012.94 1/
Operating Subsidy	14.850	FW- 1097	10,344.00	10,344.00
Major Program Total			<u>25,356.94</u>	<u>25,356.94</u>
Total HUD			\$ <u>25,356.94</u>	\$ <u>25,356.94</u>

1/ The Department of Housing and Urban Development has guarantees through the Annual Contribution Contract of the Housing Authority of Parks's bonded indebtedness. This bonded indebtedness was \$117,906.25 at June 30, 1998.

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 1997

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>CDFA NO.</u>	<u>GRANT ID NO.</u>	<u>AWARD AMOUNT</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Low-Income Housing				
Annual Contribution	14.850	FW- 1097	\$ 15,012.94	\$ 15,012.94 1/
Operating Subsidy	14.850	FW- 1097	6,193.00	6,193.00
Major Program Total			<u>21,205.94</u>	<u>21,205.94</u>
Total HUD			\$ <u>21,205.94</u>	\$ <u>21,205.94</u>

1/ The Department of Housing and Urban Development has guarantees through the Annual Contribution Contract of the Housing Authority of Parks's bonded indebtedness. This bonded indebtedness was \$127,187.50 at June 30, 1998.

The Notes to Financial Statements are an integral part of these statements.



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MIKE ESTES, CPA/PFS, CFP

MEMBER  
AMERICAN BOARD CERTIFIED  
PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements Performed in  
Accordance with Governmental Auditing Standards

Housing Authority of the  
Village of Parks  
St. Martinville, Louisiana

We have audited the financial statements of the Housing Authority of the Village of Parks, Louisiana as of and for the twenty-four months ended June 30, 1998, and have issued our report thereon dated June 14, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the Village of Parks, Louisiana's 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 a opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

Our study of the authority's internal control structure disclosed a reportable condition in the internal controls relating to segregation of duties. Due to its limited size, the entity does not have the personnel to adequately separate the internal accounting control duties. The segregation of duties is a decision that must be made by management on a cost-benefit basis. Management must determine if the costs of implementing an adequate internal control system

will outweigh the benefits derived from such a system. This reportable condition is inherent in all small entities, and should not be constructed as a failure in proper management. We concur with management's opinion that the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Consequently, this should not be considered a controlled audit finding. Our study of the authority's internal control structure also disclosed reportable conditions in internal controls relating to tax withholding, phone log, budget overruns in controlled accounts, and cash collections: which are described in the accompanying schedule of findings and questioned costs.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Village of Parks, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than their specified parties.

*Mike Estes P. C.*

Fort Worth, Texas

June 14, 1999

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS  
ST. MARTINVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE TWENTY FOUR MONTHS ENDED  
JUNE 30, 1998

Prior Audit Findings and Questioned Cost

The prior audit, for the year ended June 30, 1996, conducted by another audit firm, contained 8 findings. 7 of those findings are repeated below - the most serious being current audit finding #7.

The first prior audit finding was undocumented expenditures. That finding is cleared. Support was reviewed for all 322 expenditures in this two year audit, and except for a couple of immaterial instances, was adequate - except as noted on Finding #3.

Current Audit Findings

I commend Mr. Joseph N. Carnell, Board Chairman of the Authority, for his sense of civic responsibility and also his cooperation during this audit. The replies below are from Mr. Carnell.

1. Tax Withholding

Finding

Although social security and medicare tax was withheld from the Executive Director's checks, no federal tax was withheld.

Recommendation

Comply with all federal and state laws applicable to payroll tax withholding by the PHA.

Reply

For any common law employees the PHA employs in the future, we will do so.

2. Late Payment of Bills

Finding

The PHA borrowed \$1,200.00 from the Village of Parks municipality to pay the remaining \$1,200.00 on an audit bill. This was repaid January 14, 1998 to the Villagae with no interest charged.

In June 1998, a \$222.00 money order was purchased because of chronic late payments, Century Telephone put the PHA on a money order payment basis.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS  
ST. MARTINVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE TWENTY FOUR MONTHS ENDED  
JUNE 30, 1998

Recommendation

We realize the PHA has cash flow problems. But the PHA is encouraged to minimize non-critical expenses and adequately forecast cash needs.

Reply

There were several phone calls on the phone bill that were made at times that were considered late and not for business purposes. We asked that Mr. Roberts prove the calls to be business and pay for the calls out of his pocket. He made an attempt to pay for the calls. The personal check that Venice used was returned to the Housing Authority as a NSF check. The check was not from our account but it was used to pay on our billing account. The phone company penalized the Housing Authority and demanded that we pay by money order only.

3. Phone Log

Finding

No phone log is maintained to explain the reason for numerous long distance calls, or to identify the person making the calls. Until approximately March 1998, almost all of the calls were spread over Louisiana. Beginning in March, 1998 numerous calls were made to Texas.

"Psychic" calls were noted in the prior audit report. The only payment of this type in this audit was July 1996, and the phone call to psychic was made in the prior audit period, March 1996.

Recommendation

Prepare and maintain a phone log in sufficient detail to describe the date of long distance calls, phone number called, reason for call, person talked to, and length of call. All personal calls should be denoted and reimbursed to the Housing Authority on a monthly basis.

Reply

The prior Executive Director resigned April 30, 1998. We are trying to limit long distance calls now and document the ones we make.

4. Tenant Files

Findings

At the date of my field visit, the current tenant files were not in the office. They were in the possession of a Lafayette Housing Authority employee who on a contract basis, is attempting to bring the Parks files current.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS  
ST. MARTINVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE TWENTY FOUR MONTHS ENDED  
JUNE 30, 1998

Recommendation

Tenant files should be kept on premises. Recertifications, 50058's and other tenant data needs to be available for third party review. 50058's reporting and recertifications need to be brought current as soon as possible.

Reply

Our contract person from the Lafayette Housing Authority recertified all but 2 tenants in early 1999. A part-time person, here 4-7 pm Monday through Friday and 10-2 Saturday is working on the other two. We purchased a new computer in June and we will input for MTCS.

5. Budget Overruns in Controlled Accounts

Findings

Section 407 (H) of Terms and Conditions, Part Two of the Annual Contributions Contract states that the Authority shall not incur expenditures in excess of the approved budgeted amounts for controlled accounts. A review of the Authority's financial statements revealed the following budget overruns:

	<u>Actual Expenditures</u>	<u>Budgeted Expenditures</u>	<u>Amount Exceeding Budget</u>
6/97			
a. Administrative	\$ 9,867.23	\$ 9,640.00	\$ 227.23
b. Routine expense	31,660.76	28,540.00	3,120.76
6/98			
a. Routine expense	33,098.34	30,680.00	2,418.34

Recommendation

Monthly reviews of financial statements should be made to monitor spending so as to not exceed budget categories. If circumstances warrant, the Authority should consider revising its operating budget.

Reply

We will do so.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS  
ST. MARTINVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE TWENTY FOUR MONTHS ENDED  
JUNE 30, 1998

6. Unavailable PHMAP Information

HUD Notice PIH 96-53 requires auditors to review several PHMAP indicators as reported to HUD for supporting documentation. I cannot locate the PHMAP reporting for 6/97 or 6/98.

Until I visited the PHA on June 14, I did not have sufficient records to perform the audit. By ransacking the office, I found sufficient records in bits and pieces (the Chairman also found some in a storage facility).

Recommendation

The PHA needs to keep PHMAP calculations available for third party review.

Reply

We will comply with the above.

7. Cash Collection

Finding

Cash collections from tenants could not be traced intact to bank deposits. The cash shortage gain from \$821.74 on 7/1/97 to \$3,627.34 at 6/30/98, is as follows:

		<u>End of Month</u>			
		<u>Cash Shortage</u>			
6-30-96	\$	821.74			
7/96		845.74	7/97	\$	3,547.34
8/96		1,344.74	8/98		3,844.34
9/96		1,073.74	9/97		3,721.34
10/96		1,334.74	10/97		3,709.34
11/96		1,611.74	11/97		3,747.34
12/96		1,821.74	12/97		3,878.34
1/97		2,075.74	1/98		3,837.34
2/97		2,538.74	2/89		3,588.34
3/97		2,586.34	3/98		3,434.34
4/97		2,630.34	4/98		3,567.37
5/97		3,185.34	5/98		3,743.31
6/97		3,544.34	6/98		3,627.34

(Per fee accountant - \$3,888.59 at 2-28-99)

HOUSING AUTHORITY OF THE VILLAGE OF PARKS  
ST. MARTINVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE TWENTY FOUR MONTHS ENDED

JUNE 30, 1998

The above was determined by using the rental register, copies of receipts given to tenants, validated deposit slips, and bank statements.

For example, the net cash shortage increased by \$463.00 from 1-31-97 to 2-28-97. The rental register listed payments from 15 different tenants in February 1997. The specific payment from 9 tenants are traceable to bank deposit slips. 6 tenant payments totaling \$955.00 are not listed on February deposit slips (or subsequent slips). However "cash" deposits were made of \$192.00 and \$300.00, thus creating a February net cash shortage of \$463.00.

Recommendation

The PHA should consider action against the former Executive Director. The former Executive Director resigned April 30, 1998. For approximately another year, through 1999, the former E.D. was allowed to work part-time, but was instructed not to touch rental receipts. Since then, locks have been changed and the former E.D. is not allowed to work at the PHA.

The fee accountant last received work for February 1999. Per the fee accountant, the cash shortage is \$3,888.59 at 2-28-99.

If a fidelity bond is in force, perhaps a claim can be made.

In the future, the PHA should make deposits of all cash collected. Also, reconcile cash to cash receipts before depositing, investigate the balance in deposits over and under and clear this balance from the general ledger.

8. No Fidelity Bond

Finding

I did not see any payment for a fidelity bond in the two year period ended June 30, 1998. I've contacted the prior auditor and left word that if they showed coverage flowing into my audit period, to let me know. I have not heard from them.

Recommendation

The PHA needs to obtain fidelity bond coverage and monitor this in the future.

Reply

I feel like we have this coverage. I'm looking into this.

HOUSING AUTHORITY OF THE VILLAGE OF PARKS  
ST. MARTINVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE TWENTY FOUR MONTHS ENDED  
JUNE 30, 1998

9. No Inventoriable Equipment

Finding

The PHA has not taken an inventory of equipment and furniture recently.

Recommendation

Equipment needs to be listed and costed on the sheets the fee accountant is supplying.

Reply

I will comply with the above.

10. Non-compliance with State Law

Finding

Louisiana law requires that the PHA submit financial statements to the State Auditor within 6 months after year-end, in a format acceptable to the Auditor.

Recommendation

The PHA needs to comply with state law in the future.

Reply

We will do so.

11. Underfunded Trust Account

Finding

HUD requires that a cash amount equal to the tenant security deposits liability be set aside. This should be a trust account.

Recommendation

As soon as cash flow permits, a separate cash account should be established for tenant security deposits.

Reply

We will comply with the above.

12. Delinquent Tenant's Accounts Receivable

Findings

At 6/30/98, total tenants receivable was \$1,151.00. Of this balance, \$271.00 and \$338.00 was owed by two tenants still living in the PHA, and \$205.00 from a tenant that moved out.



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Recommendation

We realize poor people live in the PHA. But a collection policy has to be consistently enforced. The collection rate may have improved or worsened since 6/98. The current policy needs to be reviewed. All tenants need to be notified that as of now, the policy will be followed. Written work-out agreements need to be obtained on tenants still living in the PHA that owe significant balances. Amounts owed by vacated tenants, if deemed uncollectible, need to be written off by board resolution.

Reply

We will comply with the above.