

RECEIVED  
LEGISLATIVE MONITOR

04 JUL -9 PM 3:23

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANAFINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 1985

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

Release Date 7-28-09

TABLE OF CONTENTS

---

	<b>PAGE</b>
INDEPENDENT AUDITORS' REPORT .....	1
BALANCE SHEET--ENTERPRISE FUND DECEMBER 31, 2003 .....	3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS--ENTERPRISE FUND FOR THE YEAR ENDED DECEMBER 31, 2003 .....	4
STATEMENT OF CASH FLOWS--ENTERPRISE FUND FOR THE YEAR ENDED DECEMBER 31, 2003 .....	5
NOTES TO THE FINANCIAL STATEMENTS .....	6
<b>SUPPLEMENTARY INFORMATION:</b>	
Independent Auditors' Report on Supplementary Information .....	16
EXHIBIT I - Combining Balance Sheet - Enterprise Fund - December 31, 2003 .....	18
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) - Enterprise Fund - For the Year Ended December 31, 2003 .....	20
SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2003 .....	22
SCHEDULE II - Financial Data Schedule - Combining Balance Sheet December 31, 2003 .....	23

## TABLE OF CONTENTS, CONTINUED

---

	<b>PAGE</b>
<b>SUPPLEMENTARY INFORMATION, CONTINUED:</b>	
SCHEDULE III - Financial Data Schedule - Combining Statement of Revenues and Expenses For the Year Ended December 31, 2003 .....	27
SCHEDULE IV - Statement of Capital Fund Program (Incomplete) From Inception Through the Year Ended December 31, 2003 .....	31
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....</b>	<b>32</b>
<b>SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2003:</b>	
Section I - Summary of Auditors' Results .....	34
Section II - Financial Statement Findings .....	36
Section III - Federal Award Findings and Questioned Costs .....	36
Section IV - Status of Prior Years' Findings and Questioned Costs .....	37
Section V - Other Matters .....	49
<b>EXIT CONFERENCE .....</b>	<b>64</b>



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Brown, CPA  
Maude J. Tervalon, Jr., CPA  
Walter J. Brown, Jr., CPA  
Paul K. Brown, Sr., CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
**Housing Authority of the Town of Simmesport**  
Simmesport, Louisiana

We have audited the accompanying financial statements of **Housing Authority of the Town of Simmesport (HATS)**, as of and for the year ended December 31, 2003, as listed in the **Table of Contents**. These financial statements are the responsibility of HATS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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.

Because of the inadequacy of accounting records for property and equipment for 2002 and 2003, we were unable to form an opinion regarding the amounts at which property and equipment and accumulated depreciation are recorded in the accompanying balance sheet at December 31, 2003 (stated at \$2,302,712 and \$996,377, respectively, the amount of equity for the year then ended (stated at \$202,218) and depreciation expense of \$76,310 for the year ended December 31, 2003).

INDEPENDENT AUDITORS' REPORT  
(CONTINUED)

To the Board of Commissioners  
Housing Authority of the Town of Slimesport  
Slimesport, Louisiana  
Page 2

In our opinion, except for the effects of adjustments, if any, as might have been determined necessary had the accounting records concerning property and equipment been adequate, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Housing Authority of the Town of Slimesport as of December 31, 2003, and the results of its operations and its cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2004, on our consideration of HATS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 16, 2004



**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
BALANCE SHEET—ENTERPRISE FUND  
DECEMBER 31, 2009**

---

**ASSETS**

Cash (NOTE 2)	\$ 52,996
Amounts receivable, net (NOTE 9)	3,608
Prepaid insurance	3,981
Other assets (NOTE 12)	21,658
Land, structures and equipment, net (NOTES 3 AND 5)	<u>1,306,555</u>
Total assets	<u>\$1,388,578</u>

**LIABILITIES AND EQUITY**

**Liabilities:**

Amounts and other payables (NOTE 4)	\$ 20,779
Compensated absences payable	924
Deferred revenue	1,509
Payroll taxes payable	1,987
Security deposits held for tenants (NOTE 2)	5,317
Payments in lieu of taxes payable	4,192
Note payable (NOTE 10)	<u>21,882</u>
Total liabilities	<u>58,392</u>

**Equity:**

Contributed capital (NOTE 5)	1,130,653
------------------------------	-----------

**Retained earnings:**

Unreserved retained earnings	<u>202,218</u>
------------------------------	----------------

Total equity	<u>1,332,871</u>
--------------	------------------

Total liabilities and equity	<u>\$1,388,578</u>
------------------------------	--------------------

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

**BOARDING AUTHORITY OF THE TOWN OF SEMMESPORT**  
**SEMMESPORT, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED EARNINGS—ENTERPRISE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

Operating Revenues:	
Dwelling rental	\$ 37,070
Fees and charges	<u>318</u>
Total operating revenues	<u>37,388</u>
Operating Expenses:	
Salaries and employee benefits	31,373
Materials and supplies	3,600
Audit	3,980
Contractual services	18,388
Utilities	18,832
Depreciation	16,310
Insurance	16,121
Repairs and maintenance	7,881
Telephones	3,604
Convention and travel	2,478
Payments in lieu of taxes	4,680
Postage, printing and advertising	1,029
Interest expense	2,002
Other	<u>3,321</u>
Total operating expenses	<u>211,921</u>
Operating loss	(174,533)
Non-operating Revenues:	
Grants and subsidies	137,002
Interest income	381
Gain on sale of assets	3,380
Other	<u>4,475</u>
Total non-operating revenues	<u>145,188</u>
Net income	11,654
Retained earnings, beginning of year	<u>159,634</u>
Retained earnings, end of year	<u>\$ 171,288</u>

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

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
STATEMENT OF CASH FLOWS—ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Operating loss	\$(153,585)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	36,318
Gain on sale of assets	3,900
Increase in accounts receivable, net	(2,784)
Increase in prepaid insurance	(342)
Decrease in accounts and other payables	(57,359)
Increase in deferred revenue	1,909
Increase in security deposits held for tenants	433
Increase in payments in lieu of taxes payable	1,699
Increase in payroll taxes payable	<u>1,987</u>
Net cash used in operating activities	(108,621)
Cash Flows from Investing Activities:	
Interest income	<u>200</u>
Cash provided by investing activities	<u>200</u>
Cash Flows from Noncapital Financing Activities:	
Subsidies from Federal grants	197,013
Other	<u>4,473</u>
Cash provided by noncapital financing activities	<u>161,688</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of fixed assets	<u>(15,481)</u>
Net cash used in capital and related financing activities	<u>(15,481)</u>
Net increase in cash	47,867
Cash, beginning of year	<u>5,413</u>
Cash, end of year	<u>\$ 52,996</u>
Interest paid during year ended December 31, 2003	<u>\$ 2,013</u>

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



**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**NOTE 1 - Background and General Data**

**Background**

The **Housing Authority of the Town of Simmesport (HATS)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. HATS has been contracted by HUD to administer the Low-Income Housing Program under an Annual Contributions Contract.

As of December 31, 2003, HATS was primarily engaged in the administration of a Low-Income Housing Program to low-income residents in the town of Simmesport, Louisiana. Under the above program, HATS provides eligible families housing under leasing arrangements.

**Financial Reporting Entity**

HATS has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the Town of Simmesport.

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body, b) is legally separate; and c) is fiscally independent of other state and local governments.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 1 - Background and General Data, Continued**

**Financial Reporting Entity, Continued**

HATS was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that HATS is a financial reporting entity within the meaning of the provisions of GASB 14.

**Basis of Presentation**

As required by LSA-RS 24:214 and HUD regulations, financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of HATS are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

**Proprietary Fund Type** - Proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. HATS applies all applicable Financial Accounting Standards Board (FASB) pronouncements in accounting and reporting for its proprietary operations. HATS's fund includes the following type:

**Enterprise Fund** - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 1 - Background and General Data, Continued**

**Basis of Presentation, Continued**

HATS adopted the provisions of GASB 33 (*Accounting and Financial Reporting for Non-Exchange Transactions*) effective for fiscal years that begin after June 15, 2000.

Under GASB 33 Standards, HATS recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- HATS recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by HATS as deferred revenue upon award.

**Budget**

HATS prepares an annual budget for its proprietary fund. Prior to the beginning of the calendar year on January 1, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HATS does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America does not require such, despite adoption of an annual budget by the Board.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 1 - Background and General Data, Continued:

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, HATS considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments. At December 31, 2003, HATS had no temporary cash investments.

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When no historical records are available, fixed assets are valued at estimated historical cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 1 - Background and General Data, Continued:**

**Land, Structures and Equipment, Continued:**

Structures and equipment with cost of \$1,000 or more are capitalized and depreciated in the enterprise fund of HATS using the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Building	40
Building improvements	15
Equipment	3-7

Depreciation is computed using the straight-line method. Under accounting principles generally accepted in the United States of America, long-lived assets are to be reviewed for impairment. If the sum of the expected future cash flows is less than the carrying value amount of the asset, an impairment loss should be recognized. At December 31, 2003, management has not estimated the effect of adoption of Statement of Financial Accounting Standard No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

**Compensated Absences**

HATS follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under these regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 1 - Background and General Data, Continued:

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs.

Interprogram activities have been eliminated at the combined financial statements level.

Accounts Receivable

Accounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of HATS to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Total Memorandum Only

The total column on the combining financial statements in the supplementary information section of this report are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 3 - Cash:**

At December 31, 2003, the carrying amount of HATS's cash deposits was \$52,898 and the cumulative collected bank balance was \$54,883. The cumulative collected bank balance is covered by federal depository insurance. Custodial credit risk is the risk that in the event of a failure by the financial institution, HATS's deposits may not be returned to it. HATS has no deposit policy for custodial credit risk; however, at December 31, 2003 none of HATS's bank balances were exposed to custodial risk. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of HATS.

Included in cash at December 31, 2003, is smart security deposits of \$5,317. These deposits are stated at cost, which approximates market value.

**NOTE 3 - Land, Structures and Equipment:**

At December 31, 2003, land, structures and equipment consisted of the following:

	January 1, 2003	Additions	Retirements	Balance December 31, 2003
Land	\$ 62,610	\$ -0-	\$ -0-	\$ 62,610
Buildings and building improvements	1,830,529	-0-	-0-	1,830,529
Equipment	23,244	5,490	(12,800)	16,735
Construction-in-progress	391,826	-0-	-0-	391,826
Total	2,308,210	5,490	(12,800)	2,301,710
Less accumulated depreciation	(932,683)	(28,300)	12,080	(948,903)
Total	<u>\$1,375,527</u>	<u>\$27,190</u>	<u>\$-0-</u>	<u>\$1,396,318</u>

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 4 - Accounts and Other Payables:**

At December 31, 2003, accounts and other payables of \$20,779 consisted of the following:

Accounts payable-vendors	\$15,609
Accrued penalties and interest	1,911
Other	<u>3,259</u>
	<u>\$20,779</u>

**NOTE 5 - Contributed Capital:**

At December 31, 2003, contributed capital consisted primarily of reclassification of HUD guaranteed debt previously recorded on the books of HATS as payable by HUD and secured by annual contributions. The debt does not constitute an obligation of HATS and accordingly has not been reported in the accompanying financial statements. Contributed capital also includes the net of cumulative expenses, grants and subsidies of HATS. An analysis of contributed capital follows:

January 1, 2003	Net Additions	Balance December 31, 2003
<u>\$1,130,653</u>	<u>0</u>	<u>\$1,130,653</u>

**NOTE 6 - Risk Management:**

HATS is exposed to various risks of loss related to theft, damage to and destruction of assets for which HATS carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.



**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 7 - Concentration of Credit Risk:**

HATS receives primarily all of its revenues from dwelling rentals and grants from the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rentals and HUD falls below contract or budgeted levels, HATS's operating results could be adversely affected.

**NOTE 8 - Contingencies:**

HATS is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to HATS. These examinations may result in required refunds by HATS to the agencies and/or program beneficiaries.

**NOTE 9 - Accounts Receivable, net:**

At December 31, 2003, amounts receivable, net consisted of the following:

Accounts receivable - tenants	\$4,420
Accounts receivable - miscellaneous	<u>    50</u>
	4,470
Less allowance for doubtful accounts	<u>(862)</u>
Accounts receivable, net	<u>\$3,608</u>

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 10 - Notes Payable:**

At December 31, 2003, notes payable consisted of a 8.50% note to a bank effective August 16, 2002, with a maturity date of February 15, 2003. Payment terms amount to an interest only payment on October 8, 2002 with the principal to be paid at maturity. As of the date of this report, the note's principal and related interest remain outstanding. Subsequent to year end, HATS has executed a settlement agreement of its debt with the bank.

**NOTE 11 - Adjustments to Financial Statements:**

During the year ended December 31, 2003, the former executive director was indicted on charges by a grand jury.

At December 31, 2003 and June 15, 2004, the accompanying financial statements, do not reflect the effect of adjustments, if any, resulting from these indictments and/or its ultimate resolution.

**NOTE 12 - Other Assets:**

At December 31, 2003, other assets consisted of \$9,888 in the Low Rent Program and \$11,770 in the Capital Fund Program. HATS is unable to substantiate the validity of the balance in other assets.

**NOTE 13 - Commitments:**

HATS on February 13, 2004 executed a capital fund program award (LA 48POT250200) with HUD totaling \$18,700 for the improvement of its buildings and to fund its operations and management improvement activities.

**NOTE 14 - Per Diem Paid to Board of Commissioners:**

The Board of Commissioners of HATS in their capacity as board members received no per diem for the year ended December 31, 2003.

## SUPPLEMENTARY INFORMATION



**Member**

American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Allen J. Tervalon, Jr., CPA  
Walter J. Merritt, Jr., CPA  
Paul R. Ansell, Sr., CPA

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners  
Housing Authority of the Town of Slusherport  
Slusherport, Louisiana

Our report on our audit of the financial statements of the Housing Authority of the Town of Slusherport (HATS) appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Nonprofit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects of adjustments, if any, had we been able to adequately resolve the issues regarding the inadequacy of accounting records for the years 2002 and 2003 resulting in our inability to opine on property and equipment and related accumulated depreciation of \$2,302,712 and \$996,377, respectively, equity of \$200,218 and depreciation expense of \$76,310 for the year ended December 31, 2003, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as whole.

INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION  
(CONTINUED)

The supplementary information (Schedules II through IV), which is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, except for the effects of adjustments, if any, had we been able to adequately resolve the issues regarding the inadequacy of accounting records for the years 2002 and 2003 resulting in our inability to opine on property and equipment and related accumulated depreciation of \$2,312,712 and \$896,377, respectively, equity of \$303,218, and depreciation expense of \$76,810 for the year ended December 31, 2003, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Also, the supplementary information (Exhibits I and II), which is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements, has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, except for the effects of adjustments, if any, had we been able to adequately resolve the issues regarding the inadequacy of accounting records for the years 2002 and 2003 resulting in our inability to opine on property and equipment and related accumulated depreciation of \$2,302,712 and \$896,377, respectively equity of \$303,218 and depreciation expense of \$76,310 for the year ended December 31, 2003, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 16, 2004

## EXHIBIT J

Page 1 of 2

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
COMBINING BALANCE SHEET—ENTERPRISE FUND  
DECEMBER 31, 2000

ASSETS	PSA Owned Boating Program	Capital Fund Program	Total (Miscellaneous Only)
Cash	\$ 52,998	\$ -	\$ 52,998
Accounts receivable, net	3,608	-	3,608
Prepaid insurance	3,951	-	3,951
Other assets	9,898	11,779	21,677
Due from other funds	1,953	1,506	3,459
Land, structures and equipment, net	507,475	128,868	636,343
Total assets	<u>\$ 1,049,963</u>	<u>\$ 142,153</u>	<u>\$ 1,192,116</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SHREVEPORT  
SHREVEPORT, LOUISIANA  
COMBINED BALANCE SHEET—INTERFUND FUND, CONTINUED  
DECEMBER 31, 2000

	PFA-Owned Housing Program	Capital Fund Program	Total (Miscellaneous Cells)
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
Accounts and other payables	\$ 20,178	\$ 0-	\$ 20,178
Compensated absences payable	524	0-	524
Declared revenue	0-	1,589	1,589
Payroll taxes payable	1,967	0-	1,967
Security deposits held for tenants	5,111	0-	5,111
Payments in lieu of taxes payable	4,181	0-	4,181
Notes payable	31,089	0-	31,089
Due to other funds	<u>1,592</u>	<u>1,963</u>	<u>3,555</u>
Total liabilities	<u>55,382</u>	<u>3,552</u>	<u>58,934</u>
<b>Equity:</b>			
Contributed capital	1,196,603	0-	1,196,603
Retained earnings (deficit)			
Unearned retained earnings (deficit)	<u>1,636,629</u>	<u>23,672</u>	<u>1,660,301</u>
Total equity	<u>904,324</u>	<u>23,672</u>	<u>927,996</u>
Total liabilities and equity	<u>\$1,460,006</u>	<u>\$27,224</u>	<u>\$1,487,230</u>

(See Independent Auditors' Report on Supplementary Information.)

**REVENUE AUTHORITY OF THE TRUST OF SEMINARIES  
MEMPHIS, TENNESSEE, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS (DEFICIT) - CONTINUING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	FHA (Donor Revenues)	Capital Fund Revenues	Total (Memorandum Only)
Operating Revenues	\$ 31,870	\$ -	\$ 31,870
Donating fund	—	—	—
Fees and charges	31,870	—	31,870
Total operating revenues	31,870	—	31,870
Operating Expenses	11,072	—	11,072
Salaries and employee benefits	3,450	—	3,450
Materials and supplies	3,000	—	3,000
Audit	11,294	—	11,294
Contracted services	14,000	—	14,000
IT/Office	75,310	—	75,310
Registration	16,130	—	16,130
Insurance	2,860	—	2,860
Rentals and transportation	3,414	—	3,414
Telephone	2,075	—	2,075
Conventions and travel	4,000	—	4,000
Payments to firms of fees	1,000	—	1,000
Printing and advertising	2,812	—	2,812
Interest expense	3,503	—	3,503
Other	—	—	—
Total operating expenses	11,072	—	11,072
Operating loss	(11,202)	(112)	(11,314)

See Independent Auditor's Report on Supplementary Information.



**HOUSING AUTHORITY OF THE TOWN OF SIMMSPORT  
SIMMSPORT, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS (DEFICIT)-ENTERPRISE FUNDS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	FMS Owned Housing Program	Capital Fund Program	Total (Micromedium Total)
Non-operating revenues:			
Grants and subsidies	\$ 142,721	\$ 14,291	\$ 157,012
Gains on sale of assets	3,499	-	3,499
Interest income	291	-	291
Other	<u>4,676</u>	<u>-</u>	<u>4,676</u>
Total non-operating revenues	151,387	14,291	165,678
Net income (cost)	(5,132)	13,776	11,604
Other financing transactions:			
Operating transfers in	8,809	-	8,809
Operating transfers out	<u>-</u>	<u>(8,809)</u>	<u>(8,809)</u>
Net income	6,668	4,968	11,604
Retained earnings, (deficit), beginning of year	(150,122)	33,242	116,880
Retained earnings (deficit), end of year	<u>\$ (124,454)</u>	<u>\$ 38,210</u>	<u>\$ 86,244</u>

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE I**

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor	CEA Number	Federal Expenditures
Program funded by the U.S. Department of Housing and Urban Development:		
Subject to Annual Contributions Contracts		
PSA Owned Housing Program	14-854a	\$142,721
Capital Fund Program	14-872	14,291
Total		<u>\$157,012</u>

**NOTE:** Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HAATS and is presented on an accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE B**

Page 1 of 4

**HOUSING AUTHORITY OF THE TOWN OF SEMMESPORT  
SEMMESPORT, LOUISIANA  
FINANCIAL DATA SCHEDULE—COMBINED BALANCE SHEET  
DECEMBER 31, 2000**

Line Item No.	Account Description	FHA Current Financial Position	Capital Fund Position	Total Memorandum Debit
101	Cash - unrestricted	\$40,679		\$40,679
104	Cash - trust security deposits	<u>3,517</u>	<u>0</u>	<u>3,517</u>
100	Total cash	\$44,196	<u>0</u>	\$44,196
125	Accounts receivable - minor interests	20	0	20
126	Accounts receivable - tenant dwelling units	<u>4,403</u>	<u>0</u>	<u>4,403</u>
126.1	Allowance for doubtful accounts - dwelling units	<u>(863)</u>	<u>0</u>	<u>(863)</u>
129	Total receivables, net of allowance for doubtful accounts	<u>3,557</u>	<u>0</u>	<u>3,557</u>

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWNS OF REMONDSPORT  
 REMONDSPORT, LOUISIANA  
 FINANCIAL DATA SCHEDULE - CURRENT BALANCE SHEET, CONTINUED  
 DECEMBER 31, 2000**

Line Item No.	Account Description	FHA Owned Building Program	Capital Fund Program	Total Obligation 2000
142	Prepaid expenses and other assets	\$ 13,869	\$ 11,770	\$ 25,639
144	Intergovernmental due from	1,353	1,502	2,855
150	Total current assets	72,438	13,272	85,710
161	Land	82,812	0	82,812
162	Buildings	1,571,379	0	1,571,379
164	Furniture, equipment & machinery - administrative	11,244	5,460	16,704
166	Accumulated depreciation	(995,825)	(525)	(996,350)
167	Contributions in progress	67,813	223,524	291,337
169	Total fixed assets, net of accumulated depreciation	977,672	223,524	1,201,196
180	Total non-current assets	977,672	223,524	1,201,196
190	Total assets	\$1,049,110	\$136,796	\$1,185,906

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE**

Page 3 of 4

**HOUMA AUTHORITY OF THE TOWN OF SEMPERFORT  
SEMPERFORT, LOUISIANA  
FINANCIAL DATA SCHEDULE—COMBINED BALANCE SHEET, CONTINUED  
DECEMBER 31, 2003**

Line Item No.	Account Description	PHA Owned Revolving Program	Capital Fund Program	Total (Minimums Only)
302	Accounts payable, < 90 days	\$ 24,081	\$ 0-	\$ 24,081
321	Accounts receivable/notes payable	1,987	0-	1,987
322	Accounts receivable - current portion	924	0-	924
341	Treasurer's deposits	5,217	0-	5,217
342	Deferred revenues	0-	1,509	1,509
347	Interprogram due to	1,525	1,525	3,050
310	Total current liabilities	34,652	3,482	38,032
351	Noncurrent liabilities - other	21,089	0-	21,089
360	Total noncurrent liabilities	21,089	0-	21,089
390	Total liabilities	55,741	3,482	59,199
394	Net HED PHA contributions	1,134,632	0-	1,134,632
395	Total contributed capital	1,134,632	0-	1,134,632

See Independent Auditor's Report on Supplementary Information

**SCHEDULE III**  
Page 4 of 4

**BOARDING AUTHORITY OF THE TOWN OF SEMMESPORT**  
**SEMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE-COMBINED BALANCE SHEET, CONTINUED**  
**DECEMBER 31, 2003**

Line Item No.	Account Description	PIA Owned Housing Program	Capital Fund Program	Total (Memorandum Only)
502	Undesignated Fund balances/realized earnings (offset)	\$134,622	\$28,627	\$,263,218
503	Total equity	284,124	28,627	1,232,821
	Total liabilities and equity	\$,349,201	\$242,129	\$,263,218

See Independent Auditor's Report on Supplementary Information.

**SCHEDULE III**

Page 1 of 4

**HOUSING AUTHORITY OF THE TOWNS OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
FINANCIAL DATA SCHEDULE—COMBINED STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

Line Item No.	Account Description	PHA-Owned Housing Program	Capital Fund Program	Total (Monomulti Only)
700	Net tenant rental revenues	\$ 23,870	\$ -	\$ 23,870
704	Tenant revenue - other	318	-	318
708	Total tenant revenues	24,188	-	24,188
706	BLVD PHA operating grants	142,711	8,809	151,521
706-1	Capital grants	-	1,481	1,481
711	Investment income - unaccrued	261	-	261
712	Other income	4,676	-	4,676
716	Gain or loss on sale of fixed assets	1,268	-	1,268
705	Total revenues	209,204	14,290	223,494

See Independent Auditor's Report on Supplementary Information.

**SCHEDULE III**  
Page 3 of 4

**HOUSING AUTHORITY OF THE TOWNSHIP OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMPOSITE STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Line Item No.	Account Description	PHAs Owned Housing Program	Capital Fund Program	Fund (Minimum Obligation)
911	Administrative salaries	917,939	5	917,945
912	Auditing fees	1,000	-	2,000
914	Compositional allowance	-	-	-
915	Employee benefit contributions-administrative	3,682	-	3,682
916	Other operating-administrative	14,344	-	14,344
917	Water	3,183	-	3,183
922	Electricity	4,622	-	4,622
923	Gas	189	-	189
924	Other utilities expense	3,077	-	3,077
941	Ordinary maintenance and operating labor	24,122	-	24,122
	Page total	26,292	-	26,292

See Independent Auditors' Report on Supplementary Information



**HOUSING AUTHORITY OF THE TOWNS OF SIMMESPORT  
SIMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE—COMBINED STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Line Item No.	Account Description	MIA, Oromo Housing Program	Capital Fund Program	Total (Memorandum Only)
942	Ordinary maintenance and operations- materials and other	\$ 19,479	-	\$ 19,479
943	Ordinary maintenance and operations- contracts costs	18,386	-	18,386
945	Employee benefit contributions- ordinary maintenance	5,868	-	5,868
961	Business permits	16,127	-	16,127
962	Other general expenses	3,249	-	3,249
967	Payments in lieu of taxes	4,899	-	4,899
968	Total operating expenses	133,961	-	133,961
976	Excess of operating revenues over operating expenses	21,622	14,262	35,884

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE III**

Page 4 of 4

**BOILING AUTHORITY OF THE TOWNS OF SHIMESPORT  
SHIMESPORT, LOUISIANA  
FINANCIAL DATA SCHEDULE—COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Line Item No.	Account Description	FHA Derived Financing Program	Capital Fund Program	Total (Monocolumn Only)
<b>Other Expenses</b>				
574	Depreciation expense	4,75,755	4,000	4,79,755
908	Total expenses	211,415	500	211,915
<b>Other Financing Sources (Used)</b>				
1081	Operating transfers in	8,800	8,800	17,600
1082	Operating transfers out	—	(8,800)	(8,800)
1083	Excess of revenues over expenses	8,600	4,400	13,000

See Independent Auditor's Report on Supplementary Information.

**SCHEDULE X**

**FINANCIAL ACTIVITY OF THE TOWN OF SEABROOKPORT  
SEABROOKPORT, LOUISIANA  
STATEMENT OF CAPITAL FUND PROGRAMS (INCOMPLETE)  
FROM RECEIPTS THROUGH THE YEAR ENDED DECEMBER 31, 2008**

	LAURENSVILLE	LAURENSVILLE	LAURENSVILLE	LAURENSVILLE	TOTAL
Funds approved	\$ 171,794	\$ 126,073	\$ 114,059	\$ 88,458	\$ 480,384
Funds expended	(112,328)	(126,073)	(114,059)	(14,261)	(366,721)
Excess (deficiency) of funds approved	\$ 59,466	\$ 0	\$ 0	\$ 74,197	\$ 133,663
Funds advanced:					
Grant funding	\$ 171,794	\$ 126,073	\$ 114,059	\$ 88,458	\$ 480,384
Total funds advanced	171,794	126,073	114,059	88,458	480,384
Funds expended	(112,328)	(126,073)	(114,059)	(14,261)	(366,721)
Excess (deficiency) of funds advanced	\$ 59,466	\$ 0	\$ 0	\$ 74,197	\$ 133,663

See Independent Auditor's Report on Supplementary Information.



**Member**

American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Abbie J. Tervalon, Jr., CPA  
Walter A. Morel, Jr., CPA  
Paul R. Amick, Sr., CPA

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

**Board of Commissioners  
Housing Authority of the Town of Sliderville  
Sliderville, Louisiana**

We have audited the financial statements of the **Housing Authority of the Town of Sliderville (HATS)** as of and for the year ended December 31, 2003, and have issued our report thereon dated June 16, 2004 which was qualified because we were unable to form an opinion regarding the amount at which property and equipment and related accumulated depreciation, equity and depreciation expense are recorded as of and for the year ended December 31, 2003. Except as previously discussed, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether HATS'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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered HATS'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 operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management of HATS in a separate letter dated June 16, 2004.

This report is intended solely for the information and use of Board of Commissioners, HATS's management, the Legislative Auditor, State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:515, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

June 16, 2004

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued: Qualified

**Internal control over financial reporting:**

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

***Federal Awards***

**Internal Control Over Major Programs:**

- Material weakness(es) identified? N/A
- Reportable condition(s) identified that are not considered to be material weakness(es)? N/A

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? N/A

N/A - Not applicable

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

*Section I - Summary of Auditors' Results, Continued*

*Federal Awards, Continued*

*Identification of Major Programs:*

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
N/A	
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditor qualified as low-risk auditor?	No

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section II - Financial Statement Findings**

No financial statement findings were reported for the year ended December 31, 2003.

**Section III - Federal Award Findings and Questioned Costs**

No federal award findings and questioned costs were reported for the year ended December 31, 2003.



**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs**

**Reference Numbers**

2002-01 and 2003-16

**Condition**

At December 31, 2002, HATS did not have a General Depository Agreement (Form HUD-51999) on file for its operating bank accounts with its depository institutions.

**Current Status**

In February 2003, HATS executed a depository agreement with the bank maintaining its operating account. The other bank account has been closed subsequent to year end.

**Reference Numbers**

2003-02 and 2002-17

**Condition**

The December 31, 2002 audited financial statements and reports for HATS were not submitted within the timeframe dictated by LSA-RS 24:213.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Number**

2002-03

**Condition**

Our audit procedures revealed the untimely deposit of federal and state payroll tax liability and the submission of all required reports for the quarters ended June 30, 2002, September 30, 2002 and December 31, 2002. The untimely deposit of tax liability and filing of all required reports resulted in the assessment of penalties and interest.

**Current Status**

All taxes are paid current and all reports filed for the year ended December 31, 2003.

**Reference Numbers**

2002-04 and 2002-11

**Condition**

Subsidiary ledgers provided for accounts payables, fixed assets, tenant security deposits, and tenant dwelling rental income did not agree to the applicable general ledger control accounts prior to the effect of audit adjustments. In addition, we noted unidentified amounts of \$67,912 classified as construction in progress in the Low Rent Housing Program and \$21,658 in other assets (\$9,888 in the Low Rent Program and \$11,770 in the Capital Fund Program). Management is unable to determine the composition of the account balances as well as the basis for recordation of the amounts.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs**

**Reference Numbers, Continued**

2002-04 and 2002-11

**Current Status**

Management continues to work with its fee accountant to address the periodic reconciliation of significant subsidiary ledgers to the related general ledger control accounts.

For the unlocated documents, HUD will be requested to make the ultimate decision in resolution of the finding. Anticipated completion date is September 30, 2004.

**Reference Numbers**

2003-05 and 2003-12

**Condition**

We noted that HATS reported \$4,322 in excess of the combined budgeted amounts for Operations (budget line item 1406) and Management Improvements (budget line item 1-008) for Capital Fund Project No. LA48PO72501-00. In addition, we were unable to determine if the previously described condition was the result of overspending in the budget line categories or whether it was a reporting error made by management. However, HATS did not exceed the overall cumulative budgeted amount for the project.

**Current Status**

Currently, the HATS has revised its policies and procedures to ensure that all expenses are held within approved budget line items. The necessary budget revisions are undertaken as considered necessary to ensure the effective operation of the activities of HATS.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Numbers**

2002-06 and 2002-13

**Condition**

- We were unable to apply audit procedures to substantiate management's assertions relative to current year's disbursements totaling \$84,944 to include additions to fixed assets totaling \$332,600. According to the current executive director, the records were unavailable because they were either misfiled, not maintained, or included in an investigation of alleged fraud of the previous executive director;
- We were unable to substantiate the completeness and validity of tenant dwelling rental income of \$39,822 because of the incompleteness or inadequacy of tenant rental registers; and
- Noted no physical inventory of equipment and materials acquired under Federal awards over the last two (2) years, to include a reconciliation between the physical inventory, equipment and materials records.

**Current Status**

The HATS adopted in September 2003 a policy requiring the maintenance of adequate records in connection with the operation of the activities of the HATS. Ultimate resolution of the validity of the amounts recorded in fixed assets will depend on HUD's approval to HAT's request for resolution. Anticipated completion date is September 30, 2004.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Numbers**

2003-07 and 2003-14

**Condition**

Our review of the operations of HATS's internal control over cash disbursements exhibited the following deficiencies:

- o No formal written accounting policies and procedures manual, personnel handbook, etc.;
- o No personnel files were maintained containing necessary documents such as employee application, authorization for pay increases, and other documents (such as I-9, W-4, L-4, etc.), and Civil Service forms;
- o Noted no time tracking mechanism in place to ensure that employees were paid for actual time worked and in accordance with authorized pay rates;
- o Noted no time tracking mechanism for annual and sick leave;
- o Noted no evidence of approval of pay increases by Board or designee prior to effective date of increases; and

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2002-07 and 2002-14

**Condition, Continued**

- o Our review of twenty-five (25) cash disbursements revealed the following:
  - Four (4) instances where the documentation to support the disbursement was unavailable;
  - Twenty-one (21) instances where no indication of the mathematical verification of invoices prior to disbursement was noted;
  - Twenty-one (21) instances of no approval of payment by an authorized official or designee prior to disbursement;
  - Four (4) instances, where we were unable to verify the proper endorsement by an authorized signator or whether the check cleared in a timely manner because the documents were unavailable;
  - Four (4) instances where disbursements were made using a past due notice which did not provide details as to the specific goods and/or services received;
  - One (1) instance where check amount was less than the cumulative total of attached invoices; and
  - Four (4) instances where the allocability of the disbursement to a particular cost objective or program was not in accordance with established guidelines.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2002-07 and 2002-14

**Current Status**

In September 2003, HATS's board adopted a resolution requiring the establishment of procedures to address the previously described conditions. Currently, HATS has initiated procedures to ensure compliance with the Board resolution and expects completion by September 30, 2004.

**HOUSING AUTHORITY OF THE TOWN OF SIMMIESPORT  
SIMMIESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Number**

2003-08

**Condition**

We reviewed the internal control procedures relative to the disposition of property, equipment and inventory noting the following:

- o Noted no physical inventory listing of property, equipment and inventory taken prior to or subsequent to an auction dated December 9, 2002;
- o Management was unable to provide us with a listing of items sold at the auction to include the original cost, acquisition date, fair values of assets prior to the auction, and the resulting gain or loss associated with each item sold;
- o Unable to vouch proceeds from the sales of property to receipts, deposit slips, etc. due to the unavailability of documents;
- o Management was unable to provide documentation to support the Board's approval of all sale prices prior to the auction;
- o Unable to reconcile gain or loss on each item sold; and
- o Unable to test HATS's compliance with the reporting requirement of the Board's approved Asset Disposition policy. In addition, we noted on the auction sign-in sheet, the name of the previous executive director who was in charge of the auction.



**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2002-08

**Current Status**

The Board has adopted a resolution requiring an annual physical inventory of all assets as well as board approval prior to disposition of all assets.

**Reference Number**

2002-09

**Condition**

The Public and Indian Low-Income Housing Program's actual expenses for the year ended December 31, 2002, reflected overruns over the approved budget in four (4) categories (Administration, Tenant Services Utilities, and Ordinary Maintenance and Operations) by approximately \$86,969 before the effects of audit adjustments. We did note that the cumulative budget overruns in total operating expenditures added to \$50,013.

**Current Status**

Currently, monthly budget to actual financial statements are prepared and reviewed by management and the board to assist in the control of budget overruns. Management will initiate budget revision(s) necessary prior to December 31, 2004.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Numbers**

2003-10

**Condition**

As a result of the unavailability or inadequacy of documents provided, we were unable to test HATS's compliance with the requirements relative to activities allowed and unallowed, cash management, equipment and real property management, procurement, and reporting. We did note however, that the new executive hired during February 2003, has begun to implement various procedures.

**Current Status**

All requested documents were made available to the auditors for the current years' audit.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Number**

2003-15

**Condition**

We were unable to perform audit procedures to test the accuracy of Form HUD-52723, "Operating Fund Calculation of Operating Subsidy" because management was unable to provide documentation to support the previous allowable expense level, actual per unit month of independent audit cost through December 31, 2003, and the average monthly dwelling rental charge per unit for both the prior budget year and budget year two (2) years ago. It is our understanding through discussion with management that the information was compiled and maintained by a previous accountant, who was unable to locate the information; and

We also noted a \$138 difference between the December 1, 2002, rental register of \$4,645 and the amount reported on Form HUD-52723 of \$4,507.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Numbers**

2001-01 and 2001-01a

**Condition**

HATS overspent in the Low Rent Program budget in six categories by greater than 5%.

**Current Status**

Currently, monthly budget to actual financial statements are prepared and reviewed by management and the board to assist in the control of budget overruns. Management will initiate budget revision(s) necessary prior to December 31, 2004.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section V - Other Matters**

During the period November 4, through November 7, 2002, the United States Department of Housing and Urban Development performed a limited review of Simmesport Housing Authority. A current status of their findings and observations follows:

**Reference Number**

HUD 2002-01

**Recommendation**

Develop formalized operating policies.

**Current Status**

Resolved.

**Reference Number**

HUD 2003-02

**Recommendation**

Preparation and submission of annual report to the City of Simmesport.

**Current Status**

Starting in 2003, HATS's annual report will be submitted to the City of Simmesport as soon as the report is completed.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2002-03

**Recommendation**

Perform an annual inventory count and prepare and/or update property records as well as reconcile to HATS's property general ledger.

**Current Status**

In progress with an anticipated completion date of September 30, 2004.

**Reference Number**

HUD 2002-04

**Recommendation**

HATS should maintain adequate personnel records.

**Current Status**

Resolved

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2002-05

**Recommendation**

Special charges for services, repairs and utilities and rules and regulations which are required to be incorporated in the tenant lease by reference, shall be publicly posted in a conspicuous manner in the Project Office and shall be furnished to applicants and tenants on request.

**Current Status**

Currently, all charges are publicly posted. In addition, each tenant is also given a copy of their signed lease.

**Reference Number**

HUD 2002-06

**Recommendation**

The record of application/waiting list must contain (1) the applicant's name, (2) unit size family qualifies for under PHA subsidy standards, (3) date and time of application, (4) qualification for any local preference, and (5) racial or ethnic designation of the head of household. In order to document the time the application is received until the applicant is housed, it is suggested that the HATS also indicate the following: (6) designation of eligibility/ ineligibility, (7) offers of units by date, (8) unit locations, (9) date of rejected offer, (10) date when applicant is assigned, and (11) remarks explaining any part of the applicant's history.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section V - Other Matters, Continued**

**Reference Number, Continued**

HUD 2002-06

**Current Status**

Resolved. The new executive director hired during February 2003, has developed an application/waiting list that incorporates the items included in the recommendation.

**Reference Number**

HUD 2002-07

**Recommendation**

In order to comply with 24 CFR parts 960-966, every tenant file must be reviewed. The review should address deficiencies in the areas of unit inspection and "MTCOS" reporting.

**Current Status**

The HATS in 2003, reviewed and updated all tenant information. Currently, all unit information for new and existing tenants are transmitted to "PIC" as changes occur.



**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED (DECEMBER 31), 2003**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2003-08

**Recommendation**

HATS should undertake plans to implement flat rents.

**Current Status**

HATS's board on August 13, 2003 adopted a flat rent and is currently being applied to all applicable tenants.

**Reference Number**

HUD 2003-09

**Recommendation**

In accordance with the Code of Federal Regulations and the HATS's Occupancy Policy, all future leasing must adhere to subsidy standards as closely as possible. A transfer list must be established by bedroom size and with race/ethnic neutral sequence to correct over-housed/under-housed situations. Transfers are to be made as vacancies become available and should be done prior to leasing from the waiting list. Tenants refusing to move should be asked to vacate in accordance with their leases.

**Current Status**

HATS's Board has adopted a new occupancy policy effective October 14, 2003.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2002-10

**Recommendation**

HATS should develop a rental register that is consistent with regulatory requirements.

**Current Status**

HATS is currently using a rental register that is consistent with HUD's requirements.

**Reference Number**

HUD 2002-11

**Recommendation**

Enhanced oversight by the Board of Commissioners of HATS's activities.

**Current Status**

Financial and program reports are being provided to the Board of Commissioners on a monthly basis by the Executive Director.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2003-12

**Recommendation**

HATS should adhere to established budgetary constraints.

**Current Status**

Currently, monthly budget to actual financial statements are prepared and reviewed by management and the board to assist in the control of budget overruns. Management will initiate budget revision(s) necessary prior to December 31, 2004.

**Reference Number**

HUD 2002-13

**Recommendation**

Execute a General Depository Agreement with the financial institution handling its funds.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2000**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD-2002-14

**Recommendation**

Board approval should precede all budget revisions.

**Current Status**

Currently, all budget revisions are approved by the Board.

**Reference Number**

HUD-2000-15

**Recommendation**

The HATS should outline a plan of action to pay back this loan.

**Current Status**

HATS filed an insurance claim and received \$20,000. Subsequent to year-end, the loan has been settled with the bank.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2002-16

**Recommendation**

The HATS should repay funds expended on ineligible items.

**Current Status**

Resolution rests with the HUD Field Office. They have not informed the HATS as to whether repayment will be necessary. Management is currently working closely with HUD's financial analysts. Anticipated resolution date is September 30, 2004.

**Reference Number**

HUD 2002-17

**Recommendation**

The HATS should determine the amount of advances due from the capital fund program. In addition, all funds expended on personal items should be reimbursed by the individual involved.

**Current Status**

In 2003, the individual involved was sentenced to 8 years in prison.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2002-18

**Recommendation**

The HATS should ensure that funds held for tenants are maintained at all times.

**Current Status**

Currently, all security deposits are maintained in the operating bank account and tracked to make sure they are not spent.

**Reference Number**

HUD 2002-19

**Recommendation**

Establish a policy requiring the nonpayment of expenses without the appropriate documentation.

**Current Status**

Pursuant to Board policy, all disbursements are supported by appropriate documents.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2002-20

**Recommendation**

HATS must reconcile and post all accounting transactions monthly.

**Current Status**

All accounting transactions are reconciled monthly and provided to the board by HATS's fee accountant for review.

**Reference Number**

HUD 2002-21

**Recommendation**

The HATS must use pre-numbered checks in sequential order as well as account for all checks on a periodic basis.

**Current Status**

Pre-numbered checks are now being used. All checks written are recorded monthly.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2002-22

**Recommendation**

HATS must develop and implement a maintenance plan. The plan must include a work order system.

**Current Status**

A work order system is currently in use by HATS.

**Reference Number**

HUD 2002-25

**Recommendation**

The previous Executive Director must reimburse the HATS for ineligible, unauthorized and personal expenses. In addition, the HATS should undertake legal action, if necessary.

**Current Status**

Waiting on a decision from the HUD field office.



HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section V - Other Matters, Continued**

**Reference Number**

HUD 2003-24

**Recommendation**

HATS must revise and adopt a procurement policy that is in alignment with 24CFR Part 85.36 and State law.

**Current Status**

HATS has adopted a procurement policy effective October 2003.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section V - Other Matters, Continued**

**Observation**

Residency Preference- the Executive Director informed the HUD reviewers that she is using a residency preference when selecting tenants for the low-cost program. Even though this policy could not be found in the Admissions and Continued Occupancy Plan (ACOP), this practice is not permissible according to CFR 960.206 (b) (1) "..... An area smaller than a county or municipality may not be used as a residency preference area." HATS must discontinue this practice immediately.

**Current Status**

Practice discontinued.

**Observation**

HATS's ACOP defines a "disabled and elderly family" as "A family, including any live-in aides, in which at least one member is a person with disabilities" and an "Elderly Family" as "A family, including any live in aides, in which at least one member is 62 years of age or older." HATS should refer to 24 CFR 3.400 for the definition of a disabled and an elderly family. The definitions should be corrected in the ACOP.

**Current Status**

The current ACOP includes the correct definition of disabled and elderly families.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section V - Other Matters, Continued**

**Observation**

Ceiling rents - HATS provided the HUD reviewers with a listing of its ceiling and flat rents. When HATS's listing of ceiling rents was compared to the MTC's ad hoc report, the dollar amounts were different. HATS's listing showed ceiling rents at LA072-001 and 002 at 1br-\$100, 2br-\$200, 3br-\$300 and 4br-\$400. The MTC's report however, lists the ceiling rents at \$100, \$200, \$300, and \$700 for any size bedroom sizes. HATS should compare the MTC's report to its vendor program report to assure that the vendor program is providing the correct information.

**Current Status**

Ceiling and flat rents have been corrected in HATS's vendor program.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA**

**EXIT CONFERENCE**

---

An exit conference was held with a representative of Housing Authority of the Town of Simmesport. The contents of this report were discussed and management is in agreement. Those persons who participated in the discussions are as follows:

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**

Pamela Adams — Executive Director

**BRUND & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Paul K. Andek, Sr., CPA, MBA, CGFM — Partner

Latoria B. Thomas, CPA — Supervisor

Victor Robinson — Senior Accountant



**Member**

American Institute of  
Certified Public Accountants  
Society of Accountants  
Certified Public Accountants

04 JUL -9 PM 2:22

Michael B. Burns, CPA  
Abdale J. Tervalon, Jr., CPA  
Walter J. Merrill, Jr., CPA  
Paul R. Ambler, Sr., CPA

**INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**

To the Board of Directors  
Housing Authority of the Town of Simmesport

In planning and performing our audit of the financial statements of the **Housing Authority of the Town of Simmesport (HATS)**, we considered HATS's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we discussed the current status of prior years' management letter comments with management. We previously reported on HATS's internal control in our report dated June 16, 2004. This letter does not affect our report dated June 16, 2004, on HATS's internal control or its financial statements.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations.

**INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**  
**(CONTINUED)**

**CURRENT YEARS' COMMENTS**

The following is our current year's management comments as well as the status of prior year's comments:

**Condition**

HATS does not have a capitalization policy regarding its materials inventory.

**Recommendation**

We recommend that management review its current practices and establish a policy for the capitalization of materials inventory.

**Management's Response**

Subsequent to year end, management has established a capitalization policy regarding materials inventory.

**Condition**

No tracking mechanism is place for sick and annual leave time earned and/or used by employees.

**Recommendation**

We recommend that management establish a tracking mechanism to properly and accurately account for annual and sick time activity for all employees.

**Management's Response**

Subsequent to year end, management has implemented a system to track leave activity.

**INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**  
**(CONTINUED)**

**STATUS OF PRIOR YEARS' COMMENTS**

**Recommendation**

Considering the size of HATS and the need for enhanced board oversight, we recommend that all bank accounts opened and/or closed and all promissory notes in HATS's name should be specifically approved by the board in advance. The approval should include the type, nature and intended use of account or note.

**Current Status**

The Board adopted a resolution requiring prior board approval for all new bank accounts and any debt obligation.

**Recommendation**

We recommend that management establish the necessary policies and procedures to ensure that only authorized cellular telephone costs are charged to and subsequently paid for by HATS.

**Current Status**

Currently, it is management's practice to not incur and/or pay for non HATS related expenses.

**INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**  
**(CONTINUED)**

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, Legislative Auditor for the State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 16, 2004