

ST. MARY PARISH HOUSING PROGRAM
STATE OF LOUISIANA

Annual Financial Statements
with Independent Auditors' Report

and

Report on Internal Control Over Financial Reporting
and Compliance and Other Matters

For the Year Ended September 30, 2014

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FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the respective budgetary comparison of St. Mary Parish Housing Program (Program), of the St. Mary Parish Council, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Program, as of September 30, 2014 and the respective changes in financial position thereof, and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Program, are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, and the major fund, of the St. Mary Parish Council (Council) that is attributable to the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the St. Mary Parish Council, as of September 30, 2014, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

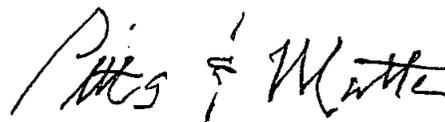
Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Program's basic financial statements. The Financial Data Schedule is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Financial Data Schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements, as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2015, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Program's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
February 18, 2015

ST. MARY PARISH HOUSING PROGRAM

STATEMENT OF NET POSITION and/ GOVERNMENTAL FUND BALANCE SHEET

September 30, 2014

	Governmental Activities
ASSETS	
Cash - Restricted	\$ 11,832
Accounts Receivable	<u>758</u>
 Total assets	 <u>\$ 12,590</u>
 LIABILITIES AND NET POSITION/FUND BALANCE	
 Liabilities	
Other current liabilities	\$ <u>3,948</u>
Total liabilities	<u>3,948</u>
 Net position/Fund balance	
Restricted	21,971
Unrestricted/Unassigned	<u>(13,329)</u>
Total net position/fund balance	<u>8,642</u>
 Total liabilities and net position/fund balance	 <u>\$ 12,590</u>

Because there are no monetary differences (only differences in caption & verbage) between the Program's Government-wide "Statement of Net Position" and the Fund Financial Statement "Balance Sheet", these two statements are shown as one statement for financial reporting purposes.

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

ST. MARY PARISH HOUSING PROGRAM

STATEMENT OF ACTIVITIES and/
GOVERNMENTAL STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2014

Expenses/Expenditures

Health and welfare	
Housing assistance payments	\$ 235,402
Administrative costs	<u>86,867</u>
 Total expenses/Expenditures	 <u>322,269</u>

Program revenues

Housing assistance	236,453
Administrative	93,761
Investment income	<u>105</u>
 Total program revenues	 <u>330,319</u>

Increase (decrease) in net position/Excess (deficiency) of revenues over expenditures	 <u>8,050</u>
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Net position/Fund Balance - beginning	<u>592</u>
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Net position/Fund Balance - ending	<u>\$ 8,642</u>
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Because there are no monetary differences (only differences in caption & verbage) between the Program's Government-wide "Statement of Activities" and the Fund Financial Statement "Statement of Revenues, Expenditures, and Changes in Fund Balance", these two statements are shown as one statement for financial reporting purposes.

ST. MARY PARISH HOUSING PROGRAM

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
for the Year Ended September 30, 2014**

	<u>Original & Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Federal grant	\$ 342,000	\$ 330,319	\$ (11,681)
Total revenues	<u>342,000</u>	<u>330,319</u>	<u>(11,681)</u>
Expenditures:			
Health and welfare			
Housing assistance and administrative	<u>342,000</u>	<u>322,269</u>	<u>19,731</u>
Total expenditures	<u>342,000</u>	<u>322,269</u>	<u>19,731</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 8,050</u>	<u>\$ 8,050</u>

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

ST. MARY PARISH HOUSING PROGRAM

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Mary Parish Council (Council) established the St. Mary Parish Housing Program (Program) to operate funds which account for various housing programs within St. Mary Parish. Since the Program currently only operates one program (the Section 8 Housing Program) the Program's operations only require use of one fund. The Section 8 Housing Program provides rental assistance to help very low income families afford decent, safe, and sanitary rental housing.

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

A. Reporting Entity

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

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

Based upon the above criteria, the Program is an integral part of the Council, the primary government.

Governments may issue financial statements that present only a portion of their operations. These financial statements include only the operations of the Program, and as such do not intend to and do not report on the Council's operations as a whole in accordance with GAAP.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements - Government-wide Financial Statements

The Government-wide financial statements include the Statement of Net Position and the Statement of Activities which report all activities of the Program as a whole. The government-wide presentation focuses primarily on the sustainability of the Program as an entity and the change in the Program's net position resulting from the current year's activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Program are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types". The Program's current operations only require the use of one fund as follows.

Governmental Fund

Special Revenue Fund

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

D. Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the statement of net position and the statement of activities present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current deferred outflows, current liabilities, and current deferred inflows generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Combined Reporting of Government-Wide Statements and Fund Financial Statements

Because there are no monetary differences (only differences in caption verbage) between either the Program's Government-wide "Statement of Net Position" and the Fund Financial Statement "Balance Sheet" or between the Government-wide "Statement of Activities" and the Fund "Statement of Revenues, Expenditures, and Changes in Fund Balance", these statements are combined for financial reporting purposes with both sets of appropriate captions shown.

E. Deferred Outflows and Inflows of Resources

In 2013, the Program implemented the provision of GASBS 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and GASBS 65, "Items Previously Reported as Assets and Liabilities". The only affect these standards have on the Program is the Program is now reporting net position instead of net assets.

F. Budgets

The program director develops a projected program budget for the Section 8 Housing Program that is included in the PHA Agency Plan. The budget is approved by the Council. The budget is prepared on a basis which is consistent with generally accepted accounting principles for fund accounting.

G. Cash and Cash Equivalents

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Equity Classifications

As reported in the Program's Government-wide Statement of Net Position

Equity is classified as net position and displayed in up to three components if applicable – net investments in capital assets, restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding debt that is attributable to the acquisition, construction, or improvement of these assets.
- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations.
- Unrestricted net position – This component of net position consist of net position that does not meet definition of “restricted” or “net investment in capital assets.”

As reported in the Program's Fund Financial Statement Balance Sheet

Governmental fund equity may be classified by five categories; nonspendable, restricted, committed, assigned or unassigned. At present, the Program only requires reporting of restricted and unassigned. Restricted represents those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Unassigned represents those portions of fund equity that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purpose within the fund.

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the Program's cash and cash equivalents was \$11,832 and the bank balance was \$13,491 which was covered by FDIC insurance.

NOTE 3 - CONTINGENCIES

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

NOTE 4 - CONCENTRATIONS

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

NOTE 5 - RISK MANAGEMENT

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

FINANCIAL DATA SCHEDULE

ST. MARY PARISH HOUSING PROGRAM

Financial Data Schedule
For the Year Ended September 30, 2014

<u>Line Item #</u>	<u>Account Description</u>	<u>Housing Choice Vouchers</u>	<u>Disaster Voucher Program</u>	<u>Total</u>
Assets				
Current Assets				
113	Cash - Other Restricted	\$ 11,694	\$ -	\$ 11,694
115	Cash - Restricted for Payment of Current Liabilities	138	-	138
100	Total Cash	<u>11,832</u>	-	<u>11,832</u>
125	Accounts Receivable-Miscellaneous	758	-	758
128	Fraud Recovery	16,089	-	16,089
128.1	Allowance for Doubtful Accounts -Fraud	<u>(16,089)</u>	-	<u>(16,089)</u>
150	Total Current Assets	<u>12,590</u>	-	<u>12,590</u>
190	Total Assets	<u>\$ 12,590</u>	<u>\$ -</u>	<u>\$ 12,590</u>
Liabilities				
Current Liabilities				
312	Accounts Payable <= 90 Days	\$ 1,500	\$ -	\$ 1,500
331	Accounts Payable - HUD PHA Programs	138	-	138
345	Other Current Liabilities	2,310	-	2,310
310	Total Current Liabilities	<u>3,948</u>	-	<u>3,948</u>
300	Total Liabilities	<u>3,948</u>	-	<u>3,948</u>
Equity				
Reserved Fund Balance				
511.1	Restricted Net Assets	21,971	-	21,971
512.1	Unrestricted Net Assets	<u>(13,329)</u>	-	<u>(13,329)</u>
513	Total Equity/Net Assets	<u>8,642</u>	-	<u>8,642</u>
600	Total Liabilities and Equity/Net Assets	<u>\$ 12,590</u>	<u>\$ -</u>	<u>\$ 12,590</u>
Revenues				
70600-010	Housing Assistance Payments	\$ 229,923	\$ -	\$ 229,923
70600-020	Ongoing administrative fees earned	87,232	-	87,232
71100	Investment Income - Unrestricted	105	-	105
71400	Fraud Recovery	<u>13,059</u>	-	<u>13,059</u>
70000	Total Revenue	<u>330,319</u>	-	<u>330,319</u>
Expenses				
Administrative				
91200	Auditing Fees	12,500	-	12,500
91300	Management Fees	61,084	-	61,084
91310	Book-Keeping Fees	6,993	-	6,993
91900	Other Admin	978	-	978
91000	Total Operating - Administrative	<u>81,555</u>	-	<u>81,555</u>
General Expenses				
96200	Other General Expenses	78	-	78
96600	Bad Debt - Other	<u>10,468</u>	-	<u>10,468</u>
96000	Total Other General Expenses	<u>10,546</u>	-	<u>10,546</u>
96900	Total Operating Expenses	<u>92,101</u>	-	<u>92,101</u>
97000	Excess Operating Revenue over Operating Expenses	<u>238,218</u>	-	<u>238,218</u>
97300	Housing Assistance Payments	222,852	-	222,852
97350	HAP Portability In	<u>7,316</u>	-	<u>7,316</u>
90000	Total Expenses	<u>322,269</u>	-	<u>322,269</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	8,050	-	8,050
11030	Beginning Equity	<u>5,110</u>	<u>(4,518)</u>	<u>592</u>
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	<u>(4,518)</u>	<u>4,518</u>	<u>-</u>
	Total net assets	<u>\$ 8,642</u>	<u>\$ -</u>	<u>\$ 8,642</u>
11170	Administrative Fee Equity	\$ (13,329)	-	\$ (13,329)
11180	Housing Assistance Payments Equity	21,971	-	21,971
	Other net assets	-	\$ -	-
	Total net assets	<u>\$ 8,642</u>	<u>\$ -</u>	<u>\$ 8,642</u>
11190	Unit Months Available	2,400	-	2,400
11210	Unit Months Leased	1,871	-	1,871

REPORT ON INTERNAL ACCOUNTING CONTROL OVER FINANCIAL REPORTING,
COMPLIANCE, AND OTHER MATTERS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, and the major fund (including the budgetary comparison) of the St. Mary Parish Housing Program (Program) of the St. Mary Parish Council, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated February 18, 2015, which contains an additional paragraph. The paragraph notes that the financial statements include only the operations of the program.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

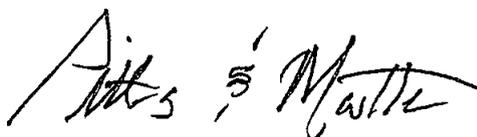
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
February 18, 2015

ST. MARY PARISH HOUSING PROGRAM
SCHEDULE OF FINDINGS
For the Year Ended September 30, 2014

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the St. Mary Parish Housing Program.
2. Report on Internal Control Over Financial Reporting and Compliance and Other Matters

Internal Control Over Financial Reporting
No material weakness is reported.

Compliance and Other Matters
No findings are reported.

3. Federal Awards

This section is not applicable for the year ended September 30, 2014.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

No items reported in the prior year.