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**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

Release Date 9/30/09

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

We have audited the accompanying statements of net assets--enterprise fund and related statements of revenues, expenses and changes in fund net assets and cash flows--enterprise fund of **Housing Authority of St. Charles Parish (HASCP)**, as of and for the year ended September 30, 2008. These financial statements are the responsibility of **HASCP's** management. Our responsibility is to express an opinion 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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **HASCP's** internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **HASCP**, as of September 30, 2008, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2009, on our consideration of HASCP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, 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 the testing, and not to provide an opinion on internal control over financial reporting or on compliance. 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. Also, that report contained instances of noncompliance.

The management's discussion and analysis on pages 3 through 11 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 30, 2009



**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of **Housing Authority of St. Charles Parish (HASCP)** presents the following discussion and analysis of its financial activities for the fiscal years ended September 30, 2008 and 2007. This discussion and analysis should be read in conjunction with **HASCP's** audited financial statements.

FINANCIAL HIGHLIGHTS

- **HASCP's** assets exceeded its liabilities by \$3,102,598 and \$3,000,400 for the years ended September 30, 2008 and 2007.
 - Of this amount, \$728,528 and \$787,762 of unrestricted assets for each period, may be used to met **HASCP's** ongoing obligations to citizens and creditors.
 - The remainder of \$2,019,346 and \$2,019,965 respectively, represents a restriction equal to the net amount invested in land, building and building improvements, equipment, and construction in progress.
 - Also included in net assets at September 30, 2008 are restricted net assets of \$354,724 and \$192,673 respectively, for use in future housing assistance payments.
- **HASCP's** significant operating expenses for the years ended September 30, 2008 and 2007, were salaries and related benefits, depreciation, contractual services, utilities, insurance and housing assistance payments to landlords participating in its Housing Choice Voucher and Disaster Housing Assistance Programs.
- Grants and subsidies from the Federal government constitutes 99% for 2008 and 98.6% for 2007 of its non-operating revenues with dwelling rental and related revenues accounting for 100% of its operating revenues for the years ended September 30, 2008 and 2007.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis (MD&A) is intended to serve as an introduction to HASCP's basic financial statements. HASCP is a special-purpose government engaged in business type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of HASCP as a whole and present a longer term view of HASCP's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

Reporting on HASCP as a Whole

One of the most important questions asked about HASCP's finances, "Is HASCP as a whole better off, or worse off, as a result of the achievements of fiscal years 2008 and 2007?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about HASCP as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received.

Fund Financial Statements

All of the funds of HASCP are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. HASCP, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Low Rent Public Housing Program - HASCP's Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable HASCP to provide housing at a rent that is based upon 30% of adjusted gross household income.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Fund Financial Statements, Continued

Housing Choice Voucher Program - The Housing Choice Voucher Program assists low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. **HASCP** is paid by HUD to administer the program.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for **HASCP's** physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of **HASCP's** units.

Disaster Housing Assistance Program - This program provides housing assistance and case management services to eligible families. The program also assists families in continuing to move toward self-sufficiency. **HASCP** is paid by HUD to administer the program.

Using this Annual Report

HASCP's annual report consists of financial statements that show combined information about **HASCP's** most significant funds, Low Rent Public Housing, Public Housing Voucher, Disaster Housing Assistance Program, and Public Housing Capital Fund Programs.

HASCP's auditors provided assurance in their independent auditors' report, located immediately preceding the MD&A. That opinion is unqualified with respect to the basic financial statements. The auditors also provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

FINANCIAL ANALYSIS

HASCP's net assets were \$3,102,598 and \$3,000,400 at September 30, 2008 and 2007. Of this amount, \$2,019,346 and \$2,019,965 were invested in capital assets, and the remaining \$728,528 and \$787,762 were unrestricted at September 30, 2008 and 2007. Restricted net assets were \$345,724 and \$192,673 at September 30, 2008 and 2007. No other specific assets are restricted. Also, there are no other restrictions on general net assets.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS, CONTINUED

Condensed Financial Statements

Condensed Statement of Net Assets
September 30

ASSETS:	<u>2008</u>	<u>2007</u>
Current assets	\$1,207,493	\$ 1,026,418
Capital assets, net of accumulated depreciation	<u>2,019,346</u>	<u>2,019,965</u>
Total assets	<u>3,226,839</u>	<u>3,046,383</u>
LIABILITIES:		
Current liabilities	109,885	39,043
Non-current liabilities	<u>14,356</u>	<u>6,940</u>
Total liabilities	<u>124,241</u>	<u>45,983</u>
NET ASSETS:		
Invested in capital assets, net of related debt	2,019,346	2,019,965
Restricted	354,724	192,673
Unrestricted	<u>728,528</u>	<u>787,762</u>
Total net assets	<u>\$3,102,598</u>	<u>\$3,000,400</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS, CONTINUED

Condensed Financial Statements, Continued

The only significant change in HASCP's net assets at September 30, 2008 and 2007, was additions to capital assets.

Condensed Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Year Ended September 30

	<u>2008</u>	<u>2007</u>
Total operating revenues	\$ <u>188,993</u>	\$ <u>188,121</u>
Total operating expenses	<u>(3,303,589)</u>	<u>(1,993,494)</u>
Operating loss	<u>(3,114,596)</u>	<u>(1,805,373)</u>
Total non-operating revenues	<u>3,306,380</u>	<u>2,126,947</u>
Change in net assets	191,784	321,574
Net assets, beginning of year, as restated	<u>2,910,814</u>	<u>2,678,826</u>
Net assets, end of year	\$ <u>3,102,598</u>	\$ <u>3,000,400</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS

At September 30, 2008 and 2007, current assets consisted primarily of cash and temporary cash investments and receivables. The net increase in current assets at years ended September 30, 2008 and 2007 resulted primarily from receivables due for cost incurred by HASCP.

Changes in capital assets for 2008 and 2007, were the result of the net effects of additions and depreciation expense.

The only significant change in liabilities at September 30, 2008 and 2007 was due to the timing in liquidation of outstanding obligations.

The overall changes in total net assets at September 30, 2008 and 2007, were due to change in assets of \$191,784 (2008) and \$321,5784 (2007) to include the impact of prior period adjustment.

Compared with prior fiscal years, total operating and non-operating revenues increased by \$1,180,305 in 2008 and decreased by \$445,968 in 2007 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Federal revenues from HUD for operations increased from \$509,205 in 2007 to \$540,392 in 2008 and from \$360,284 in 2006 to \$509,205 in 2007, principally due to the past operations performance. The determination of operating grants is based upon a three year average of past operations performance.
- Capital funds for modernization projects decreased from \$194,787 in 2007 to \$122,356 in 2008 primarily due to the impact of Hurricane Katrina and the level of funding availability from HUD during 2007 with a leveling effect in 2008.
- Tenant revenues increased from \$188,121 in 2007 to \$188,993 in 2008 and \$173,642 in 2006 to \$188,121 in 2007, in part because of changes in tenant's personal income, which serves as the basis for tenant rent payment level calculation.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

Federal revenues for the Housing Choice Voucher Program decreased from \$1,394,796 in 2007 to \$1,375,600 for 2008 due in part to the level of leased-up units and market rent pricing conditions. Also, during 2008, **HASCP** received new funding totaling \$1,238,129 for its Disaster Housing Assistance Program.

Total operating expenses increased from \$1,993,494 in 2007 to \$3,303,589 in 2008 compared to the increase from \$1,869,034 in 2006 to \$1,993,494 in 2007.

Reasons for most of these changes are listed below:

- For the years ended September 30, 2008 and 2007, the most significant change in expenses was from housing assistance payments and other fees which increased by \$1,227,724 or 112.9% in 2008 and \$128,563 or 13.4% in 2007, because of the level of leased-up units and the impact of the Disaster Housing Assistance Program initiated during 2008 fiscal year.
- Also during 2008 and 2007, **HASCP** experienced cost adjustments in its utilities cost and insurance premiums. Salaries and benefits also increased in 2008 and 2007 to accommodate additional staffing and cost of living adjustments.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

Another area of incremental costs during 2008 and 2007, respectively was for depreciation on its housing stock.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2008 and 2007, HASCP had \$7,101,065 and \$6,922,951 prior to the effect of accumulated depreciation invested in a broad range of assets. More detailed information about capital assets appears in the notes to the financial statements.

	<u>2008</u>	<u>2007</u>
Capital assets	\$ 7,103,565	\$ 6,922,951
Less accumulated depreciation	<u>(5,084,219)</u>	<u>(4,902,986)</u>
Capital assets, net	<u>\$ 2,019,346</u>	<u>\$ 2,019,965</u>

Debt

HASCP at September 30, 2008 and 2007 has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

HASCP is primarily dependent upon HUD for the funding of its operations; therefore HASCP is affected more by Federal budget than by local economic conditions. The operating budget for 2010 fiscal year has already been submitted to HUD for approval and no major changes are expected. The Capital Fund Programs are multiple year budgets and have remained relatively stable.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, and creditors with a general overview of HASCP's finances, and to show HASCP's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Leala Jackson, Executive Director, **Housing Authority of St. Charles Parish Boutte, Louisiana**, 200 Boutte Estates Drive, Boutte, Louisiana 70039.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT NET ASSETS--ENTERPRISE FUND
SEPTEMBER 30, 2008**

ASSETS

Current Assets:

Cash and temporary cash investments (NOTE 2)	\$ 738,564
Restricted Cash (NOTE 3)	9,625
Amounts receivable, net (NOTE 7)	425,668
Prepaid items and other assets (NOTE 13)	18,999
Investment (NOTE 5)	<u>14,637</u>

Total current assets 1,207,493

Non-Current Assets:

Capital assets, net (NOTES 4 and 12)	<u>2,019,346</u>
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Total non-current assets 2,019,346

Total assets 3,226,839

LIABILITIES

Current Liabilities:

Amounts and other payables (NOTE 6)	57,229
Compensated absences payable (NOTE 15)	7,031
Deferred revenue	36,000
Security deposits held for tenants (NOTE 3)	<u>9,625</u>

Total current liabilities 109,885

Non-Current Liabilities:

Compensated absences payable (NOTE 15)	<u>14,356</u>
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Total non-current liabilities 14,356

Total liabilities 124,241

NET ASSETS

Net Assets:

Invested in capital assets, net of related debt	2,019,346
Restricted (NOTE 16)	354,724
Unrestricted	<u>728,528</u>

Total net assets \$3,102,598

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

HOUSING AUTHORITY OF ST. CHARLES PARISH
 BOUTTE, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS—ENTERPRISE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

Operating Revenues:	
Dwelling rental	\$ 164,084
Fees and charges	<u>24,909</u>
Total operating revenues	<u>188,993</u>
Operating Expenses:	
Salaries and employee benefits	248,992
Materials and supplies	37,890
Contractual services	396,873
Utilities	239,750
Depreciation	181,235
Insurance	71,210
Housing assistance payments	2,091,465
Convention and travel	4,871
Postage and printing	3,556
Telephone	9,137
Dues and subscription	1,469
Advertising	121
Bad debts	13,265
Tenant services	300
Court costs	560
General	<u>2,895</u>
Total operating expenses	<u>3,303,589</u>
Operating loss	<u>(3,114,596)</u>
Non-operating Revenues:	
Federal grants and subsidies	3,276,487
Interest income	24,195
Other	<u>5,698</u>
Total non-operating revenues	<u>3,306,380</u>
Change in net assets	191,784
Net assets, beginning of year, as restated	<u>2,910,814</u>
Net assets, end of year	<u>\$ 3,102,598</u>

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

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Cash Flows used by Operating Activities:	
Receipts from tenants	\$ 195,337
Interest received	24,195
Payments to suppliers for goods and services	(1,030,724)
Payments to employees	(248,618)
Payments to landlords	<u>(2,091,465)</u>
Net cash used by operating activities	<u>(3,151,275)</u>
Cash Flows used by Capital and Related Financing Activities:	
Acquisition of capital assets	<u>(180,614)</u>
Cash used by capital and related financing activities	<u>(180,614)</u>
Cash Flows from Noncapital Financing Activities:	
Subsidy from federal grants	3,197,829
Other	<u>5,698</u>
Cash provided by noncapital financing activities	<u>3,203,527</u>
Cash Flows used by investing activities:	
Proceeds from sale/maturity of investment	<u>67,185</u>
Cash provided by investing activities	<u>67,185</u>
Net decrease in cash	(61,177)
Cash and temporary cash investments, beginning of year	<u>809,366</u>
Cash and temporary cash investments, end of year	<u>\$ 748,189</u>

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

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating loss	\$ (3,114,596)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	181,235
Bad debt	13,265
Changes in net assets and liabilities:	
Increase in amounts receivable, net	(325,098)
Decrease in prepaid items and other	15,661
Increase in amounts and other payables	42,334
Decrease in security deposits held for tenants	(450)
Increase in deferred revenues	36,000
Increase in compensated absences payable	<u>374</u>
Net cash used by operating activities	<u>\$ (3,151,275)</u>

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

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

The **Housing Authority of St. Charles Parish (HASCP)** 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. HASCP has been contracted by HUD to administer the Low-Rent Public Housing Program, Disaster Housing Assistance Program, and Housing Choice Voucher Program under Annual Contributions Contracts.

As of September 30, 2008, HASCP was primarily engaged in the administration of Low-Rent Public Housing, Disaster Housing Assistance and Housing Choice Voucher Programs to low-income residents in Boutte, Hahnville, and Des Allemands, Louisiana and eligible participants for the Disaster Housing Assistance Program.

Under the Low-Rent Public Housing Program, HASCP provides eligible families housing under leasing arrangements. For the Housing Choice Voucher Program, HASCP provides funds in the form of rental subsidies to owners on behalf of the tenants. The Disaster Housing Assistance Program provided eligible participants housing assistance and case management services.

Financial Reporting Entity

HASCP 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 City of Boutte.

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 ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Financial Reporting Entity, Continued

HASCP 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 HASCP is a financial reporting entity within the meaning of the provisions of GASB 14. Accordingly, HASCP is not a component unit of the financial reporting entity of the City of Boutte. Also, HASCP has no component units for financial reporting purposes as described with the provisions of GASB Statements No.'s 14 and 39.

Basis of Presentation

As required by Louisiana State Reporting Law (LSA-RS 24:514) and HUD regulations, the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of HASCP 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 use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. HASCP applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. HASCP's proprietary fund include 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 ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, Continued

Measurement Focus and Basis of Accounting and
Financial Statement Presentation

HASCP adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* effective October 1, 2003. Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It requires the classification of net assets into three components- invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, Continued

Measurement Focus and Basis of Accounting and
Financial Statement Presentation, Continued

The term measurement focus is used to denote what is being measured and reported in HASCP's operating statement. HASCP's financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether HASCP is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on HASCP's operating statement. HASCP uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Under the provisions of GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions) effective for fiscal years that began after June 15, 2000, HASCP recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- *HASCP 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;
- For transactions with time requirement(s), resources received prior to the satisfaction of the time requirement(s) are recorded as deferred revenues; and
- Transactions with no time requirement(s) are recorded by HASCP as revenues upon award.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budget

HASCP prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year October 1, the annual budget is approved by the Board of Commissioners. Also, budgetary amendments require approval by the Board. HASCP does not present its budget to actual comparison for the enterprise fund as part of its financial statement as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Board.

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, HASCP considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Capital Assets

Capital assets are recorded at cost or estimated cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, Continued

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.

Structures and equipment with a cost of \$300 or more are capitalized and are depreciated in the enterprise fund of **HASCP** using the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	33
Building improvements	15
Equipment	3-7

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 flow is less than the carrying value amount of the asset, an impairment loss should be recognized. At September 30, 2008, management has not estimated the effect of adoption of Statement of Financial Accounting Statement No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets".

Compensated Absences

HASCP follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her separation 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 ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, 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 transfers. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram activities are netted at the combined financial statements level.

Total Memorandum Only

The total column on the accompanying combining financial statements 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.

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS:

At September 30, 2008, HASCP's cash and temporary cash investments consisted of the following:

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Carrying Value</u>	<u>Approximate Market Value</u>
Cash and Money Fund	Varying Rate	\$ <u>738,564</u>	\$ <u>738,564</u>
Total		\$ <u>738,564</u>	\$ <u>738,564</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS, CONTINUED

At September 30, 2008, the carrying amount of **HASCP's** cash deposits was \$738,564 and the cumulative bank balance was \$804,190. The bank balances are covered by federal depository insurance and collateral held by the pledging institutions' agent in **HASCP's** name.

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 **HASCP**.

Custodial credit risk is the risk that in the event of a failure by the financial institution, **HASCP's** deposits may not be returned to it. **HASCP** has no deposit policy for custodial credit risk; however, none of **HASCP's** bank balances were exposed to custodial credit risk, since the pledged securities were in the joint names of **HASCP** and the financial institution.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana, or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by **HASCP** or with an unaffiliated bank or trust company for the account of **HASCP**.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - RESTRICTED CASH:

At September 30, 2008, restricted cash consisted of \$9,625 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

NOTE 4 - CAPITAL ASSETS, NET:

At September 30, 2008, capital assets consisted of the following:

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Transfer</u>	<u>Balance September 30, 2008</u>
Land	\$ 13,028	\$ -0-	\$ -0-	\$ 13,028
Buildings and building improvements	6,485,053	49,863	217,475	6,752,391
Equipment	189,795	8,395	-0-	198,190
Construction-in-progress	<u>235,075</u>	<u>122,356</u>	<u>(217,475)</u>	<u>139,956</u>
Sub-total	6,922,951	180,614	-0-	7,103,565
Less accumulated depreciation	<u>(4,902,986)</u>	<u>(181,233)</u>	<u>-0-</u>	<u>(5,084,219)</u>
Total	<u>\$ 2,019,965</u>	<u>\$ (619)</u>	<u>\$ -0-</u>	<u>\$ 2,019,346</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 5 - INVESTMENT:

At September 30, 2008, investment consisted of the following:

<u>Description</u>	<u>Carrying Value</u>	<u>Approximate Market Value</u>	<u>Rate(%)</u>	<u>Maturity</u>
Certificate of Deposit	\$10,003	\$10,003	3.20	12/26/08
Money Market Account	<u>4,634</u>	<u>4,634</u>	1.61	N/A
Total	\$ <u>14,637</u>	\$ <u>14,637</u>		

NOTE 6 - AMOUNTS AND OTHER PAYABLES:

At September 30, 2008, amounts and other payables consisted of the following:

Vendors	\$51,181
Accrued payroll taxes payable	<u>6,048</u>
Total	<u>\$57,229</u>

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 7- AMOUNTS RECEIVABLE, NET:

At September 30, 2008, amounts receivable, net consisted of the following:

Amounts receivable - HUD	\$424,105
Amounts receivable - tenants	<u>17,828</u>
Sub-total	441,933
Less: allowance for doubtful accounts	<u>(16,265)</u>
Total	<u>\$425,668</u>

NOTE 8- RETIREMENT SYSTEM:

Plan Description

HASCP participates in a single employer defined contribution plan. The Housing Authority of St. Charles Parish Retirement Plan (the Plan) is authorized and may be amended by the Board of Commissioners.

Plan Funding

Funding for the plan is through a contribution of 7% and 5% by HASCP and its employees, respectively. The contribution amount is based on the employee's base salary each month.

HASCP's gross payroll for participating employees for the year ended September 30, 2008, was \$96,441. HASCP and employee contributions made using base salary amounted to \$6,751 and \$4,822, respectively.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - RISK MANAGEMENT:

HASCP is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which HASCP 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.

NOTE 10 - CONCENTRATION OF CREDIT RISK:

HASCP receives primarily all of its revenues from dwelling rentals and HUD. If the amount of revenues received from both dwelling rentals and HUD falls below contract levels, HASCP's operating results could be adversely affected.

NOTE 11 - CONTINGENCIES:

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

NOTE 12 - COMMITMENTS:

At September 30, 2008, HASCP, has executed agreements with HUD totaling \$1,073,218 for various modernization projects in progress. Balance of funds remaining at September 30, 2008, was \$223,722. (see Schedule IV).

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 13 - PREPAID ITEMS AND OTHER ASSETS:

At September 30, 2008, prepaid item consisted of prepaid insurance totaling \$18,999.

NOTE 14 - PER DIEM TO BOARD MEMBERS:

During the year ended September 30, 2008, no board member received per diem in his or her capacity as commissioner.

NOTE 15 - CHANGES IN COMPENSATED ABSENCES PAYABLE:

The following summarizes changes in compensated absences payable at September 30, 2008.

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Beginning of year	\$ 14,073	\$ 6,940	\$ 21,013
Addition	7,031	14,073	21,104
Retirement	<u>(14,073)</u>	<u>(6,657)</u>	<u>(20,730)</u>
End of year	<u>\$ 7,031</u>	<u>\$14,356</u>	<u>\$ 21,387</u>

NOTE 16 - RESTRICTED NET ASSETS:

At September 30, 2008, restricted net assets represents funds reserved for payments of future housing assistance payments.

SUPPLEMENTARY INFORMATION



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

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

Our report on our audit of the financial statements of **Housing Authority of St. Charles Parish (HASCP)** 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, *Audits of States, Local Governments, and Non-Profit 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, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, and IV) required by HUD 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, is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

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 auditing procedures applied in the audit of the financial statements and in our opinion, 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**

July 30, 2009

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND
SEPTEMBER 30, 2008

	<u>Operating Fund Program</u>	<u>Capital Fund Program</u>	<u>Sub-total</u>	<u>Voucher Program</u>	<u>Disaster Housing Assistance Program</u>	<u>Sub-total</u>	<u>Totals (Memorandum Only)</u>
<u>ASSETS</u>							
Cash and temporary cash investments	\$ 163,390	\$ -0-	\$ 163,390	\$575,174	\$ -0-	\$ 575,174	\$ 738,564
Restricted cash	9,625	-0-	9,625	-0-	-0-	-0-	9,625
Amounts receivable, net	1,563	-0-	1,563	-0-	-0-	-0-	1,563
Amounts receivable - HUD	177,153	41,146	218,299	-0-	205,806	205,806	424,105
Prepaid item	18,237	-0-	18,237	762	-0-	762	18,999
Investment	14,637	-0-	14,637	-0-	-0-	-0-	14,637
Interprogram due from	32,390	-0-	32,390	85,824	184,918	270,742	303,132
Capital assets, net	<u>1,873,383</u>	<u>139,956</u>	<u>2,013,339</u>	<u>6,007</u>	<u>-0-</u>	<u>6,007</u>	<u>2,019,346</u>
Total assets	<u>2,290,378</u>	<u>181,102</u>	<u>2,471,480</u>	<u>667,767</u>	<u>390,724</u>	<u>1,058,491</u>	<u>3,529,971</u>
<u>LIABILITIES</u>							
Amounts and other payables	32,168	8,756	40,924	16,305	-0-	16,305	57,229
Compensated absences payable	14,433	-0-	14,433	6,954	-0-	6,954	21,387
Deferred revenues	-0-	-0-	-0-	-0-	36,000	36,000	36,000
Security deposits held for tenants	9,625	-0-	9,625	-0-	-0-	-0-	9,625
Interprogram due to	<u>85,824</u>	<u>32,390</u>	<u>118,214</u>	<u>184,918</u>	<u>-0-</u>	<u>184,918</u>	<u>303,132</u>
Total liabilities	<u>142,050</u>	<u>41,146</u>	<u>183,196</u>	<u>208,177</u>	<u>36,000</u>	<u>244,177</u>	<u>427,373</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND, CONTINUED
SEPTEMBER 30, 2008

	<u>Operating Fund Program</u>	<u>Capital Fund Program</u>	<u>Sub-total</u>	<u>Voucher Program</u>	<u>Disaster Housing Assistance Program</u>	<u>Sub-total</u>	<u>Totals (Memorandum Only)</u>
Invested in capital assets, net of related debt	\$1,873,383	\$139,956	\$2,013,339	\$ 6,007	\$ -0-	\$ 6,007	\$2,019,346
Restricted	-0-	-0-	-0-	-0-	354,724	354,724	354,724
Unrestricted	<u>274,945</u>	<u>-0-</u>	<u>274,945</u>	<u>453,583</u>	<u>-0-</u>	<u>453,583</u>	<u>728,528</u>
Total net assets	<u>\$2,148,328</u>	<u>\$139,956</u>	<u>\$2,288,284</u>	<u>\$459,590</u>	<u>\$354,724</u>	<u>\$814,314</u>	<u>\$3,102,598</u>

NET ASSETS

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Operating Fund Program	Capital Fund Program	Voucher Program	Disaster Housing Assistance Program	Totals (Memorandum Only)
Operating Revenues:					
Dwelling rental	\$ 164,084	\$ -0-	\$ -0-	\$ -0-	\$ 164,084
Fees and charges	24,909	-0-	-0-	-0-	24,909
Total operating revenues	188,993	-0-	-0-	-0-	188,993
Operating Expenses:					
Salaries and employee benefits	153,138	-0-	95,854	-0-	248,992
Materials and supplies	34,971	-0-	2,919	-0-	37,890
Contractual services	132,963	-0-	40,205	223,705	396,873
Utilities	239,750	-0-	-0-	-0-	239,750
Depreciation	176,676	-0-	4,559	-0-	181,235
Insurance	57,888	-0-	13,322	-0-	71,210
Housing assistance payments	-0-	-0-	1,431,765	659,700	2,091,465
Convention and travel	1,700	-0-	3,171	-0-	4,871
Postage and printing	1,168	-0-	2,388	-0-	3,556
Telephone	6,190	-0-	2,947	-0-	9,137
Dues and subscription	361	-0-	1,108	-0-	1,469
Advertising	15	-0-	106	-0-	121
Bad debts	13,265	-0-	-0-	-0-	13,265
Tenant services	300	-0-	-0-	-0-	300
Court costs	560	-0-	-0-	-0-	560
General	225	-0-	2,670	-0-	2,895
Total operating expenses	819,170	-0-	1,601,014	883,405	3,303,589
Operating loss	(630,177)	-0-	(1,601,014)	(883,405)	(3,114,596)

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOULTE, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS—ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Operating Fund Program	Capital Fund Program	Voucher Program	Disaster Housing Assistance Program	Totals (Memorandum Only)
Non-operating Revenues:					
Federal grants and subsidies	\$ 540,392	\$122,356	\$1,375,610	\$1,238,129	\$3,276,487
Interest income - unrestricted	9,333	-0-	692	-0-	10,025
Interest income - restricted	-0-	-0-	14,170	-0-	14,170
Other	-0-	-0-	5,698	-0-	5,698
Total non-operating revenues	<u>549,725</u>	<u>122,356</u>	<u>1,396,170</u>	<u>1,238,129</u>	<u>3,306,380</u>
Change in net assets	(80,452)	122,356	(204,844)	354,724	191,784
Net assets, beginning of year, as restated	<u>2,228,780</u>	<u>17,600</u>	<u>664,434</u>	<u>-0-</u>	<u>2,910,814</u>
Net assets, end of year	<u>\$2,148,328</u>	<u>\$139,956</u>	<u>\$ 459,590</u>	<u>\$ 354,724</u>	<u>\$3,102,598</u>

See Independent Auditors' report on Supplementary Information.

**HOUSING AUTHORITY OF THE ST. CHARLES PARISH
BOUTTE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development:		
<u>Subject to Annual Contributions Contracts</u>		
Low Rent Public Housing Program	14.850a	\$ 540,392
Housing Choice Voucher Program	14.871	1,375,610
Public Housing Capital Fund Program	14.872	122,356
Disaster Housing Assistance Program	97.109	<u>1,238,129</u>
Total		<u>\$3,276,487</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HASCP and is presented on an accrual basis of accounting. The information in 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.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
SEPTEMBER 30, 2008

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
111	Cash - unrestricted	\$163,390	\$575,174	\$738,564
114	Cash - tenant security deposits	<u>9,625</u>	<u>-0-</u>	<u>9,625</u>
100	Total cash	<u>173,015</u>	<u>575,174</u>	<u>748,189</u>
122-010	Accounts receivable - HUD other projects - operating subsidy	177,153	-0-	177,153
122-020	Accounts receivable - HUD other projects - Capital Fund	<u>41,146</u>	<u>-0-</u>	<u>41,146</u>
122	Accounts receivable-HUD other projects	<u>218,299</u>	<u>205,806</u>	<u>424,105</u>
126	Accounts receivable - tenants	17,828	-0-	17,828
126.1	Allowance for doubtful accounts - dwelling rents	<u>(16,265)</u>	<u>-0-</u>	<u>(16,265)</u>
120	Total receivables, net of allowance allowance for doubtful accounts	<u>219,862</u>	<u>205,806</u>	<u>425,688</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE—COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2008**

LINE ITEM NO.	ACCOUNT DESCRIPTION	TOTAL PROJECTS	TOTAL PROGRAMS	TOTALS (MEMORANDUM ONLY)
131	Investments - unrestricted	\$ 14,637	\$ -0-	\$ 14,637
142	Prepaid expenses and other assets	18,237	762	18,999
144	Interprogram due from	<u>32,390</u>	<u>270,742</u>	<u>303,132</u>
150	Total current assets	<u>458,141</u>	<u>1,052,484</u>	<u>1,510,625</u>
161	Land	13,028	-0-	13,028
162	Buildings	6,752,391	-0-	6,752,391
163	Furniture, equipment and machinery - dwellings	88,896	2,080	90,976
164	Furniture, equipment and machinery - administration	79,550	27,664	107,214
167	Accumulated depreciation	(5,060,482)	(23,737)	(5,084,219)
166	Construction in progress	<u>139,956</u>	<u>-0-</u>	<u>139,956</u>
160	Total capital assets, net of accumulate depreciation	<u>2,013,339</u>	<u>6,007</u>	<u>2,019,346</u>
180	Total non-current assets	<u>2,013,339</u>	<u>6,007</u>	<u>2,019,346</u>
190	Total assets	<u>\$ 2,471,480</u>	<u>\$ 1,058,491</u>	<u>\$ 3,529,971</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2008

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
312	Accounts payable ≤ 90 days	\$ 37,033	\$ 14,148	\$ 51,181
321	Accrued wage/payroll taxes payable	3,891	2,157	6,048
322	Accrued compensated absences - current portion	5,177	1,854	7,031
341	Tenant security deposits	9,625	-0-	9,625
342	Deferred revenue	-0-	36,000	36,000
347	Interprogram due to	<u>118,214</u>	<u>184,918</u>	<u>303,132</u>
310	Total current liabilities	<u>173,940</u>	<u>239,077</u>	<u>413,017</u>
354	Accrued compensated absences-non current	<u>9,256</u>	<u>5,100</u>	<u>14,356</u>
350	Total non-current liabilities	<u>9,256</u>	<u>5,100</u>	<u>14,356</u>
300	Total liabilities	<u>183,196</u>	<u>244,177</u>	<u>427,373</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2008

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
508.1	Invested in capital assets, net of related debt	\$2,013,339	\$ 6,007	\$2,019,346
511.1	Restricted net assets	-0-	354,724	354,724
512.1	Unrestricted net assets	<u>274,945</u>	<u>453,583</u>	<u>728,528</u>
513	Total equity/net assets	<u>2,288,284</u>	<u>814,314</u>	<u>3,102,598</u>
600	Total liabilities and equity/ net assets	<u>\$2,471,480</u>	<u>\$1,058,491</u>	<u>\$3,529,971</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE --COMBINING STATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
70300	Net tenant rental revenue	\$ 164,084	\$ -0-	\$ 164,084	\$ -0-	\$ -0-	\$ -0-
70400	Tenant revenue - other	24,909	-0-	24,909	-0-	-0-	-0-
70500	Total tenant revenue	188,993	-0-	188,993	-0-	-0-	-0-
70600-010	Housing assistance payments	-0-	-0-	-0-	1,217,091	-0-	1,217,091
70600-020	Ongoing administrative fees earned	-0-	-0-	-0-	152,919	-0-	152,919
70600-040	Actual independent public accountant audit costs	-0-	-0-	-0-	5,600	-0-	5,600
70600	HUD PHA operating grants	540,392	-0-	542,892	1,375,610	1,238,129	2,613,739
70610	Capital grants	-0-	122,356	122,356	-0-	-0-	-0-
71100-010	Administrative fee	-0-	-0-	-0-	692	-0-	692
71100	Investment income - unrestricted	9,333	-0-	9,333	692	-0-	692
71400	Fraud recovery	-0-	-0-	-0-	3,342	-0-	3,342
71400-010	Housing assistance payment	-0-	-0-	-0-	3,342	-0-	3,342
71500	Other revenue	-0-	-0-	-0-	2,356	-0-	2,356
72000-010	Housing Assistance Payment	-0-	-0-	-0-	14,170	-0-	14,170
72000	Investment income - restricted	-0-	-0-	-0-	14,170	-0-	14,170
70000	Total revenue	738,718	122,356	861,074	1,396,170	1,238,129	2,634,299

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE - COMBINING STATEMENT OF INCOME AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
91100	Administrative salaries	\$ 55,869	\$ -0-	\$ 55,869	\$ 68,596	\$ -0-	\$ 68,596
91200	Auditing fees	5,600	-0-	5,600	5,600	-0-	5,600
91300	Outside management fees	-0-	-0-	-0-	-0-	223,705	223,705
91310	Bookkeeping fee	5,434	-0-	5,434	10,706	-0-	10,706
91400	Advertising and marketing	15	-0-	15	106	-0-	106
91500	Employee benefit contributions- administrative	15,416	-0-	15,416	24,527	-0-	24,527
91600	Office expenses	14,504	-0-	14,504	13,975	-0-	13,975
91700	Legal expense	1,200	-0-	1,200	15,751	-0-	15,751
91800	Travel	1,700	-0-	1,700	3,171	-0-	3,171
91900	Other	<u>31,433</u>	<u>-0-</u>	<u>31,433</u>	<u>2,189</u>	<u>-0-</u>	<u>2,189</u>
91000	Total operating - administrative	<u>131,171</u>	<u>-0-</u>	<u>131,171</u>	<u>144,621</u>	<u>223,705</u>	<u>368,326</u>
92400	Tenant services - other	<u>300</u>	<u>-0-</u>	<u>300</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
92500	Total tenant services	<u>300</u>	<u>-0-</u>	<u>300</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE --COMBINING STATEMENT OF INCOME AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
93100	Water	\$ 77,587	\$ -0-	\$ 77,587	\$ -0-	\$ -0-	\$ -0-
93200	Electricity	14,190	-0-	14,190	-0-	-0-	-0-
93300	Gas	65,323	-0-	65,323	-0-	-0-	-0-
93600	Sewer	49,940	-0-	49,940	-0-	-0-	-0-
93800	Other utilities expense	<u>32,710</u>	<u>-0-</u>	<u>32,710</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
93000	Total utilities	<u>239,844</u>	<u>-0-</u>	<u>239,750</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
94100	Ordinary maintenance and operations-labor	<u>65,675</u>	<u>-0-</u>	<u>65,675</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
94200	Ordinary maintenance and operations-materials and other	<u>33,675</u>	<u>-0-</u>	<u>33,675</u>	<u>129</u>	<u>-0-</u>	<u>129</u>
94300-010	Ordinary maintenance and operations contracts-garbage and trash removal contracts	16,038	-0-	16,038	-0-	-0-	-0-
94300-020	Ordinary maintenance and operations contracts-heating and cooling contracts	1,600	-0-	1,600	450	-0-	450
94300-030	Ordinary maintenance and operations contracts-landscape and grounds contracts	5,154	-0-	5,154	-0-	-0-	-0-

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUQUETTE, LOUISIANA**
FINANCIAL DATA SCHEDULE --COMBINING STATEMENT OF INCOME AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
94300-070	Ordinary maintenance and operations contracts-electrical contracts	\$ 1,997	\$ -0-	\$ 1,997	\$ -0-	\$ -0-	\$ -0-
94300-080	Ordinary maintenance and operations contracts-plumbing contracts	35,656	-0-	35,656	-0-	-0-	-0-
94300-090	Ordinary maintenance and operations-extermination contracts	7,527	-0-	7,527	-0-	-0-	-0-
94300-120	Ordinary maintenance and operations contracts-miscellaneous contracts	<u>15,474</u>	<u>-0-</u>	<u>15,474</u>	<u>1,848</u>	<u>-0-</u>	<u>1,848</u>
94300	Ordinary maintenance and operations contracts	<u>83,446</u>	<u>-0-</u>	<u>83,446</u>	<u>2,298</u>	<u>-0-</u>	<u>2,298</u>
94500	Employee benefit contributions ordinary maintenance	<u>16,178</u>	<u>-0-</u>	<u>16,178</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
94000	Total maintenance	<u>198,974</u>	<u>-0-</u>	<u>198,974</u>	<u>2,427</u>	<u>-0-</u>	<u>2,427</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
FINANCIAL DATA SCHEDULE --COMBINING STATEMENT OF INCOME AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
96110	Property benefit contribution-ordinary maintenance	\$ 39,861	\$ -0-	\$ 39,861	\$ 2,743	\$ -0-	\$ 2,743
96120	Liability insurance	330	-0-	330	5,816	-0-	5,816
96130	Workmen's compensation	3,776	-0-	3,776	2,475	-0-	2,475
96140	All other insurance	13,921	-0-	13,921	2,288	-0-	2,288
96100	Total insurance program	57,888	-0-	57,888	13,322	-0-	13,322
96200	Other general expenses	1,146	-0-	1,146	1,589	-0-	1,589
96210	Compensated absences	-0-	-0-	-0-	2,731	-0-	2,731
96400	Bad debt - tenant rents	13,265	-0-	13,265	-0-	-0-	-0-
96000	Total other general	14,411	-0-	14,411	4,320	-0-	4,320
96900	Total operating expenses	642,494	-0-	642,494	164,690	223,705	388,395
97000	Excess revenue over operating expenses	96,224	122,356	218,580	1,231,480	1,014,424	2,245,904

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOULTE, LOUISIANA
FINANCIAL DATA SCHEDULE - COMBINING STATEMENT OF INCOME AND EXPENSES, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
97300-050	All other	\$ -0-	\$ -0-	\$ -0-	\$ 1,431,765	\$ -0-	\$ 1,431,765
97300	Housing assistance payments	-0-	-0-	-0-	1,431,765	659,700	2,091,465
97400	Depreciation expense	176,676	-0-	176,676	4,559	-0-	4,559
90000	Total expense	819,170	-0-	819,170	1,601,014	883,405	2,484,419
10000	Excess (deficiency) of revenue over (under) expenses	\$ (80,452)	\$ 123,356	\$ 41,904	\$ (204,844)	\$ 354,724	\$ 149,880
11030	Beginning equity/net assets	\$ 2,102,091	\$ 233,075	\$ 2,337,166	\$ 663,234	\$ -0-	\$ 663,234
11040-010	Prior period adjustments, and correction of errors	(90,786)	-0-	(90,786)	1,200	-0-	1,200
11040-070	Equity transfers	217,475	(217,475)	-0-	-0-	-0-	-0-
11040	Prior period adjustments, equity transfers and correction	126,682	(217,475)	(90,786)	1,200	-0-	1,200
11190	Beginning equity/net assets, as adjusted	\$ 2,228,780	\$ 17,600	\$ 2,246,380	\$ 664,434	\$ -0-	\$ 664,434
11210	Unit months available	1,548	N/A	1,548	3,660	N/A	3,660
11210	Number of unit months leased	1,200	N/A	1,200	2,856	N/A	2,856
11170	Administrative fee equity				\$ -0-	\$ 354,724	\$ 354,724
11180	Housing assistance payments equity				\$ -0-	\$ -0-	\$ -0-
11270	Excess cash			\$ 265,964	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

**STATEMENT OF CAPITAL FUND PROGRAM--(INCOMPLETE)
From Inception through September 30, 2008**

	LA-48PO94501-03	LA-48PO94502-03	LA-48PO94501-04	LA-48PO94501-05	LA-48PO945501-06	LA-48PO945501-07	Total
Funds approved	\$ 181,687	\$ 175,391	\$ 179,531	\$ 181,687	\$ 175,391	\$ 179,531	\$1,073,218
Funds expended	(181,687)	(175,391)	(179,531)	181,687	(128,700)	(2,500)	849,496
Excess (deficiency) of funds approved	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 46,691	\$ 177,031	\$ 223,722
Funds Advanced: Grand funding	\$ 181,687	\$ 175,391	\$ 179,531	\$ 181,687	\$ 96,310	\$ 2,500	\$ 817,106
Total funds advanced	181,687	175,391	179,531	181,687	96,310	2,500	817,106
Funds expended	(181,687)	(175,391)	(179,531)	(181,687)	(128,700)	(2,500)	(849,496)
Excess (deficiency) of funds advanced	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (32,390)	\$ -0-	\$ (32,390)

See Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' 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

Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

We have audited the financial statements of **Housing Authority of St. Charles Parish (HASCP)** as of and for the year ended September 30, 2008, and have issued our report thereon dated July 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **HASCP's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of **HASCP's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **HASCP's** internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the subsequent paragraphs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

INDEPENDENT AUDITORS' 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
(CONTINUED)

Internal Control Over Financial Reporting, Continued

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects HASCP's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of financial statements that is more than inconsequential will not be prevented or detected by HASCP's internal control. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2008-01 and 2008-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by HASCP's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that of the significant deficiencies described above item 2008-01 is a material weakness. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of HASCP in a separate letter dated July 30, 2009.

INDEPENDENT AUDITORS' 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
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HASCP'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 or other matters that are required to be reported under *Government Auditing Standards*.

HASCP's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response" and "Current Status". We did not audit HASCP's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, HASCP's management, the United States Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana 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**

July 30, 2009



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

To the Board of Commissioners
Housing Authority of St. Charles Parish
Boutte, Louisiana

Compliance

We have audited the compliance of **Housing Authority of St. Charles Parish (HASCP)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2008. HASCP's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of HASCP's management. Our responsibility is to express an opinion on HASCP's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Compliance, Continued

An audit includes examining, on a test basis, evidence about HASCP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on HASCP's compliance with those requirements.

In our opinion, HASCP complied, in all material respects, with the requirements previously referred to that are applicable to its major federal programs for the year ended September 30, 2008. However, the results of our auditing procedures disclosed instances of non compliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2008-03 through 2008-05, 2008-08 and 2008-09.

Internal Control Over Compliance

The management of HASCP is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered HASCP's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HASCP's internal control over compliance.

Our consideration of the internal control over compliance was for a limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in HASCP's internal control that might be significant deficiencies or material weaknesses as defined in the preceding paragraphs. However, as discussed in the following paragraphs, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance, Continued

A control deficiency in HASCP's internal control over financial compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects HASCP's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by HASCP's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2008-06 and 2008-07 to be a significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by HASCP's internal control. Of the significant deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs item 2008-07 is a material weakness.

HASCP's response to the findings in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response" and "Current Status". We did not audit HASCP's response and accordingly, we express no opinion on it.

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

(CONTINUED)

This report is intended solely for the information and use of the Board of Commissioners, HASCP'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 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**

July 30, 2009

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Control deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material weakness(es) identified?	Yes
• Control deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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>
14.871	Housing Choice Voucher Program
14.850a	Low Rent Public Housing Program
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2008-01

Federal Award Programs

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HASCP is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of HASCP.

Condition

Considering the size of HASCP, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of HASCP's assets. The internal financial transactions processing of HASCP is performed primarily by an Administrative Assistant.

HASCP currently uses the services of a fee accountant to prepare its internal financial statements and other reports for submission to its funding source. Due to the untimely receipt of its monthly financial statements from its fee accountant, management submits for Board review on a monthly basis, an internally prepared schedule of cash disbursements.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

During the year ended September 30, 2008, we noted the redesign of the general ledger prepared by the fee accountant to provide fund reports.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2008-01

Questioned Costs

None.

Context

Total federal award was \$3,276,487 for the year ended September 30, 2008.

Effect or Potential Effect

Control deficiencies in HASCP's internal control system.

Cause

Size of personnel assigned to the accounting function and HASCP as a whole. Also, the untimely receipt of its prepared financial statements, impacts management's review for completeness in its reported financial statements on a monthly basis.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should ensure the timely receipt and review (both at the management and Board levels) of its complete financial statements prepared by its fee accountant.

Management's Response

Management has re-evaluated its internal control design, and has developed and implemented procedures to minimize the potential risks associated with this condition. Management and its Fee Accountant have worked together to develop changes in the process to guarantee submittal of timely reports. As of July 31, 2009 reports have been caught up to date.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2008-02

Federal Award Program

Disaster Housing Assistance Program (see Schedule of Expenditures of Federal Awards).

Criteria

Various directives from HUD require that all activities related to the Disaster Housing Assistance Program (DHAP) must be accounted for, complete and recorded separately from the other programs managed by HASCP.

Condition

Our review of five (5) files for families participating in the DHAP program, and an invoice submitted in payment for services rendered by HASCP's contractor managing the DHAP program for the month of April 2008, revealed the following conditions:

- Noted an instance where the housing quality standards inspection document provided for a participant was incomplete;
- In all instances, we were unable to verify the accuracy of the payments made to landlords based on a schedule of payments provided to us by the contractor and HASCP;
- On a monthly basis, an estimated invoice is submitted for disbursement by the contractor. However, we noted no periodic reconciliation between the estimated payments disbursed to actual payments due from HASCP for the selected month of April, 2008 or other months during the fiscal year;

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2008-02

Condition, Continued

- For the month of April 2008 (month judgementally selected for review), the amount paid for new families admitted into the program, did not agree to the register provided by the contractor to support the payments; and
- Because of the manner in which HASCP's general ledger is established, all Voucher Program activities to include the DHAP activities are included in a single general ledger and therefore not completely segregated.

Questioned Costs

\$659,700.

Context

Total expenses for the DHAP program for the year ended September 30, 2008 was \$883,405.

Effect or Potential Effect

Noncompliance with various aspects of the DHAP program requirements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2008-02

Cause

Contractor was charged with compliance of all programmatic and financial components of the DHAP program.

Recommendation

Management should evaluate the conditions previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all disbursements made to contractors.

Management's Response

Management has established a monitoring system to ensure compliance with programmatic and financial aspects of the DHAP program. It is management's understanding that according to HUD's regulations the DHAP program will be reconciled at the end of the program, rather than month to month reconciliation.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs

Reference Number

2008-03

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Award).

Criteria

HASCP is required to submit in electronic form, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family.

Condition

In one (1) instance of six (6) files reviewed, information pertaining to a tenant's date of birth was omitted on the submitted Form HUD 50058. Noted no corrected Form HUD 50058 in the tenants file to support the submission of a corrected Form HUD 50058.

Questioned Costs

None.

Context

Total federal award expended for the Low Rent Public Housing Program for the year ended September 30, 2008 was \$540,392.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2008-03

Effect or Potential Effect

Noncompliance with the requirements of 24CFR part 990.

Cause

Lack of an effective system in place to ensure the completeness of all tenant file information.

Recommendation

We recommend that a checklist system be used to ensure the completeness in tenant data to include the review of all reports submitted for accuracy at the supervisory level.

Management's Response

Management has an established system which includes a checklist to ensure the completeness all tenant data. We will continue to utilize this system to ensure accuracy at one hundred percent.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2008-04

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Award).

Criteria

Pursuant to 25CFR Sections 5.230, 5.609 and 960.259, **HASCP** as a condition of admission or continued occupancy is required to secure all necessary information, documentation, etc. from the tenant to verify income eligibility.

Condition

In one (1) of six (6) tenant files reviewed, we noted the absence of a social security card and birth certificate on file.

Questioned Costs

None.

Context

Federal award expended for the Low Rent Public Housing Program was \$540,392 for the year ended September 30, 2008.

Effect or Potential Effect

Non-compliance with the occupancy eligibility determination as dictated by 24CFR.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2008-04

Cause

Failure to use the checklist provided by management to staff to ensure completeness of tenant files.

Recommendation

Management should revisit with its current tenant file data accumulation procedure in conjunction with its tenant certification and/or re-certification process. Also, management should consider the sampling of files on a periodic basis to ensure compliance.

Management's Response

In this instance the perspective tenant did not submit all required documentation. However, the applicant did not move into an apartment. Management will continue to utilize its current systems to ensure the completeness of all tenant files.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2008-05

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Award).

Criteria

24 CFR Sections 960.206 and 960.208 require that all tenants are selected from the waiting list prepared and maintained by HASCP.

Condition

In six (6) of six (6) files tested, we noted no documentation on file to support the order of selection of the tenants from the waiting list.

Questioned Costs

None.

Context

Total federal award expended for the Low Rent Public Housing Program for the year ended September 30, 2008 was \$540,392.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2008-05

Effect and Potential Effect

Non-compliance with the requirements of 25 CFR 960.206 and 960.208.

Cause

The current system used by HASCP is on "real time" and requires the generation of a hard copy report at time of offer of tenancy to the tenant.

Recommendation

Staff should be provided with additional training to ensure the adequacy in documentation to support the basis of tenant placement.

Management's Response

Management has a system in place to ensure that hard copies are generated and placed in files at the time an offer is made. Management will conduct quality control inspections of the tenant files to ensure compliance. Staff receives training on a regular basis.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2008-06

Federal Award Program

Disaster Housing Assistance Program (see Schedule of Expenditures of Federal Awards).

Criteria

Various directives from HUD require that all activities related to the Disaster Housing Assistance Program (DHAP) must be accounted for and recorded separately from the other programs managed by HASCP.

Condition

Our review of five (5) participants in the DHAP and an invoice for the month of April 2008 submitted for payment by HASCP's contractor managing the program revealed the following conditions:

- Noted an instance where the housing quality standards inspection document provided for a participant was incomplete;
- In all instances, we were unable to verify the accuracy of the payments made to landlords based on a schedule of payments provided to us by the contractor and HASCP;
- On a monthly basis, an estimated invoice is submitted for disbursement by the contractor. However, we noted no reconciliation between the estimated payments disbursed to actual payments due from HASCP for the selected month of April 2008 or other months during the fiscal year;

HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2008-06

Condition, Continued

- For the month of April 2008 (month judgementally selected for review), the amount paid for new families admitted into the program, did not agree to the register provided by the contractor to support the payments; and
- Because of the manner in which HASCP's general ledger is established, all Voucher Program activities to include the DHAP activities are included in a single general ledger.

Questioned Costs

\$659,700.

Context

Total expenses for the DHAP program for the year ended September 30, 2008 was \$883,405.

Effect or Potential Effect

Noncompliance with various aspects of the DHAP program requirements.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2008-06

Cause

Contractor was charged with compliance of all programmatic and financial aspects of the DHAP program.

Recommendation

Management should evaluate the conditions previously described and develop procedures to ensure compliance with the programmatic and financial requirements of the DHAP program by staff and outside consultants.

Management's Response

Management has established a monitoring system to ensure compliance with programmatic and financial aspects of the DHAP program. It is managements understanding that according to HUD's regulations the DHAP program will be reconciled at the end of the program, rather than month to month reconciliation.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2008-07

Federal Award Programs

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of HASCP is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of HASCP.

Condition

Considering the size of HASCP, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of HASCP's assets. The internal financial transactions processing of HASCP is performed primarily by an Administrative Assistant.

HASCP currently uses the services of a fee accountant to prepare its internal financial statements and other reports for submission to its funding source. Due to the untimely receipt of its monthly financial statements from its fee accountant, management submits for Board review on a monthly basis, an internally prepared schedule of cash disbursements.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

During the year ended September 30, 2008 we noted the redesign of the general ledger prepared by the fee accountant to provide fund reports.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2008-07

Questioned Costs

None.

Context

Total federal award was \$3,276,487 for the year ended September 30, 2008.

Effect and Potential Effect

Control deficiencies in HASCP's internal control system.

Cause

Size of personnel assigned to the accounting function and HASCP as a whole. Also, the untimely receipt of its prepared financial statements, impacts management's review for completeness of its reported financial statements on a monthly basis.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should ensure the timely receipt and review of its financial statements prepared by its fee accountant, both at the management and Board levels.

Management's Response

Management has re-evaluated its internal control design, and has developed and implemented procedures to minimize the potential risks associated with this condition. Management and Fee Accountant has worked together to develop changes in the process to guarantee submittal of timely reports. As of July 31, 2009 reports have been caught up to date.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Numbers

2008-08

Federal Award Programs

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

HASCP's procurement policy states as follows:

"Procurement requirements are subject to an annual planning process to assure efficient and economical purchasing; contracts and modifications are in writing, clearly specifying the desired supplies, services, or construction and are supported by sufficient documentation regarding the history of the procurement, including as a minimum the method of procurement chosen, the selection of the contract type, the rationale for selecting or rejecting offers, and the basis for the contract price."

Also, contracts with renewal provisions exceeding two (2) years must be approved by HUD in accordance with 24 CFR 85.36 and HUD Handbook 7460.8 Rev. 2 dated February 2007.

Condition

Our review of selected cash disbursements for the year ended September 30, 2008, revealed instances where services were not procured in accordance with HASCP's procurement policy and Federal regulation.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2008-08

Questioned Costs

\$101,251.

Context

Total federal award expended for the year ended September 30, 2008 was \$3,276,487.

Effect or Potential Effect

Non-compliance with Board policy and HUD regulation.

Cause

Lack of a monitoring system that facilitates compliance with Board policy and HUD regulation regarding procurement of services.

Recommendation

We recommend that management comply with the procurement requirements of its policy as directed by the Board and HUD regulation.

Management's Response

Legal services are currently under review by the Board of Commissioners.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Numbers

2008-09

Federal Award Programs

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

The Davis Bacon Act requires all contractors and subcontractors performing on federal and federally assisted contracts in excess of \$2,000 to pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor.

Condition

For nine (9) contracts reviewed totaling \$82,260, we noted the lack of documentation to support compliance with the requirements of the Davis Bacon Act.

Specifically, the executed contracts did not make reference to compliance with the Act. Furthermore, we noted no instance where payroll and fringe benefit records were reviewed for compliance.

Questioned Costs

\$82,260

Context

Total federal award expended for the year ended September 2008 was \$3,276,487.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Numbers, Continued

2008-09

Effect or Potential Effect

Non-compliance with the requirements of the Davis Bacon Act.

Cause

Lack of an established system in place to ensure compliance with the Act.

Recommendation

Management should establish a procedure to ensure compliance with the requirements of Act for all construction contracts within its threshold.

Management's Response

Management is currently updating its Procurement Policy to comply with all requirements of both HUD and the Davis-Bacon Act.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Numbers

2007-01 and 2007-04

Condition

Considering the size of HASCP, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of HASCP's assets. The internal financial transactions processing of HASCP is performed primarily by an Administrative Assistant.

HASCP currently uses the services of a fee accountant to prepare its internal financial statements and other reports for submission to its funding source. Due to the untimely receipt of its monthly financial statements from its fee accountant, management submits for Board review on a monthly basis, an internally prepared schedule of cash disbursements.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should ensure the timely receipt and review (both at the management and Board levels) of its financial statements prepared by its fee accountant.

Current Status

Partially resolved. Management has revised and contracted with Fee Accountant whereby all reports are current.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2007-02 and 2006-01

Condition

Our review of selected cash disbursements for the year ended September 30, 2007, revealed instances where professional legal, consulting and other services for Low Rent, Housing Choice Voucher and Capital Fund Programs, were not procured in accordance with HASCP's procurement policy and Federal regulation.

Also, we noted that the contract agreement executed for legal services which had renewal provisions for five (5) years was executed without the benefit of HUD approval as required by 24 CFR 85.36.

Recommendation

We recommend that management comply with the procurement requirements of its policy as directed by the Board and HUD regulation.

Current Status

Partially resolved. Legal services are currently under review.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2007-03

Condition

During the year ended September 30, 2007, HASCP expended \$325,334 in construction related cost (all programs) for which the requirements of the Davis-Bacon Act were not complied with as it pertained to prevailing wages and benefits paid for the Capital Fund Program.

It is our understanding through discussion with management that its paid consultant was charged with the responsibility for the preparation of reports to include interviews and monitoring of compliance with the provisions of the referenced Act.

Recommendation

We recommend that management implement the necessary procedures to ensure compliance with the requirements of the Davis-Bacon Act. Also, no payment should be made without the benefit of complete supporting documents to support services rendered.

Current Status

Unresolved.

Although the consultant utilized maintenance to conduct the interviews under the provisions of the Davis-Bacon Act, the HASCP and consultant have mutually agreed that the consultant will conduct all interviews to comply with Davis-Bacon. Management has prepared a checklist for all contracts to ensure all items are submitted before a payment is rendered.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2007-05

Condition

Our review of the budgeted to actual cost for the Capital Fund Program at September 30, 2007 revealed an overrun of \$49,080 primarily (budgeted of \$17,635 versus actual cost of \$66,715) in the fees and costs category.

Recommendation

We recommend compliance with the requirements of its Capital Fund Program with HUD.

Management's Response

Resolved.

Due to major plumbing emergencies, threatening the health and safety of residents, overruns were unavoidable. However, management will continue to comply with Capital Fund requirements and monitor budgeted line items.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

Reference Number

2004-01

Condition

The September 30, 2004 operating budgeted to actual report for the Low Rent Public Housing Program prepared by its fee accountant, reflects budget overruns in the utilities and ordinary maintenance categories. Total routine expenses for the year ended September 30, 2004 before audit adjustments was \$ 500,161 versus the budgeted amount of \$ 454,960. Further review revealed that approximately ninety-eight (98) percent of the overrun was attributable to utilities cost increases caused by inflationary pressures.

Recommendation

Management should revisit with its current budgeted to actual monitoring procedures, with an aim towards ensuring the timely identification and preparation for submission to its Board for approval, potential budget line item adjustments as necessary.

Current Status

Resolved.

Management will continue to work the Fee Accountant to ensure proper budget revisions are prepared and submitted timely. Management will prepare a budget to actual statement and submit to the Board monthly for review.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

Reference Numbers

2000-02 and 1999-01

Condition

The general ledger and related subsidiary ledger for fixed assets prepared by HASCP's fee accountant, does not include all inventory items for appliances owned by HASCP. We noted the most recent correspondence dated February 22, 2001 from the Executive Director of HASCP to the fee accountant for HASCP requesting the recordation of the necessary "book to physical" adjustments in order to properly state fixed assets.

The total value of the inventory prior to the effect of accumulated depreciation is approximately \$40,000. It is our understanding based on discussion with the fee accountant that the necessary adjustment will be recorded in the current fiscal year.

Recommendation

We recommend that immediate action should be undertaken by management of HASCP to resolve the referenced condition.

Current Status

Resolved.

Fee Accountant has ensured that adjustments will be made accordingly to.

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA
EXIT CONFERENCE
September 30, 2008**

The financial statements and related reports were discussed at an exit conference held with management of **Housing Authority of St. Charles Parish** noting their agreement in all material respects.

Those that participated in the discussions are as follows:

**HOUSING AUTHORITY OF ST. CHARLES PARISH
BOUTTE, LOUISIANA**

Mrs. Leala Jackson	– Executive Director
Mrs. Charlene Peoples	– Manager

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA	– Partner
Ms. Ivionne Divinity	– Staff Accountant



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

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**

Ms. Leala G. Jackson, Executive Director
Housing Authority of St. Charles Parish
Boutte, Louisiana

In planning and performing our audit of the financial statements of **Housing Authority of St. Charles Parish (HASCP)**, as of and for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America. We considered **HASCP's** internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **HASCP's** internal control. Accordingly, we do not express an opinion on the effectiveness of **HASCP's** 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 with management, the status of prior year's other matters. We previously reported on **HASCP's** internal control in our report dated July 30, 2009. This letter does not affect our report dated July 30, 2009 on **HASCP'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, and to perform any additional study of these matters.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2008

The following is a listing of our report on other matters related to internal control:

Condition

Our review of HASCP's internal control over financial reporting revealed the following conditions:

- No periodic reconciliation was performed on investment account balance and accrued interest receivable. Balance at September 30, 2008, was \$14,637 after a reclassification entry of approximately \$78,000;
- Stated dated checks totaling \$17,332 outstanding over a period of ninety days for the Voucher and Low Rent Programs, respectively (\$10,307 for the Voucher and \$7,025 for the Low Rent Programs);
- Timely review of reports and/or documents prepared by consultants for completeness;
- Noted instances where selected journal entries prepared by HASCP's fee accountant lacked adequate supporting documentation to facilitate an adequate review for completeness. Also noted the absence of management's review and/or approval.

Recommendation

We recommend that management evaluate the referenced conditions with an aim towards resolution. The revised procedures should include the timely and periodic review of all reports and/or documents prepared by consultants for compliance with HASCP's policies.

Management's Response

Management continues to evaluate its existing policies and procedures and anticipate the conclusion of additional revisions by no later than November 30, 2009.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2008, Continued

Condition

The U.S. Department of Housing and Urban Development (HUD) requires housing authorities to include as supplementary information with the basic financial statements, as well as submit in electronic format, Financial Data Schedules (FDS).

In 2008, HUD experienced challenges in its revision of its FDS to conform to new HUD reporting requirements.

Because of the referenced challenges, and its impact on the timely submission of its audited report package, HASCP requested and received an extension of time to submit its audited report pursuant to Louisiana Revised Statute 24:513.

Recommendation

None.

Management's Response

A response is not considered necessary in light of the cause of the condition.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2007 and Prior

The following summarized the status of prior year's report on other matters related to internal control:

Condition

Our review of HASCP's internal control over financial reporting revealed the following conditions:

- Noted stale dated checks totaling \$851.81 with some checks dating as far back as 2004. HASCP's policy is to void all checks after six months. It is our understanding that the policy has been previously communicated to HASCP's fee accountant.
- Monthly bank account reconciliations prepared by the fee accountant bear no evidence of management's review. Furthermore, we noted the untimely receipt of financial statements, related general ledger, and significant general ledger account reconciliation. The most recent financial statements and related ledgers received as of March 26, 2008 was for October 2007.
- Two (2) of twenty-one (21) transactions tested were for payments different from the invoiced amounts. We noted that all payments were for a lesser amount. In addition, we noted that one (1) of the twenty-one (21) transactions lacked an invoice to support the payment made.
- Five (5) of twenty-one (21) transactions tested lacked documentation to support the nature and type of procurement;
- Housing assistance payment register for the month of April 2007, did not agree to the general ledger by \$819.90. A monthly reconciliation of the register to the general ledger to accommodate any changes to the register is not a part of the periodic reconciliation process of HASCP; and
- No quarterly reconciliation is performed by HASCP between its general ledger and the quarterly State and Federal tax returns filed. For the quarters ended December 2006, and March and June of 2007, we noted differences between the wages used in the preparation of the Federal and State tax returns.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2007 and Prior, Continued

Recommendation

We recommend that management evaluate its current internal control procedures and processes. The evaluation should be specifically aimed towards strengthening of internal control in the areas of financial reporting, procurement, cash disbursement and oversight over all reports prepared by its fee accountant for internal purposes or submission to third parties such as HUD, IRS, etc.

Current Status

Partially resolved.

Condition*

Currently, HASCP does not have a formal written policy to address its custodial risk that results from deposits of funds held by others on its behalf in excess of the \$100,000 Federal Deposit Insurance Corporation limit (now \$250,000 until December 31, 2010).

It is our understanding that HASCP has executed collateral agreements with its bankers.

Recommendation

We recommend the establishment of a deposit policy to address all deposits of funds with others in excess of the Federal Deposit Insurance Corporation limit.

Current Status

Unresolved.

*Repeat

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2007 and Prior, Continued

Condition

Our review of HASCP's internal control over financial reporting revealed the following conditions:

- Consistent with prior year, HASCP as of March 28, 2007 (last day of fieldwork) had outstanding from its fee accountant, financial statements to include related general ledgers, bank account reconciliations, etc., for the periods from December 2006 through February 2007. Also, we noted payment on invoices submitted by the fee accountant with outstanding deliverables (December 2006 through February 2007) in the form of monthly financial statements and related general ledgers, bank account reconciliations, etc. The absence of monthly financial statements impacts management and the Board's ability to provide timely oversight over the financial activities of HASCP as well as make informed judgements;
- The September 30, 2006, general ledger for the Low Rent Program reflected petty cash on hand of \$ 325. However, based on discussion with management, HASCP has no petty cash on hand;
- The Voucher Choice Housing Program bank account reconciliation for the month ended September 30, 2006, included three (3) outstanding checks that were in excess of ninety (90) days. HASCP's policy for voids is sixty (60) days.
- Also, the Low Rent Public Housing Program bank account reconciliation for September 30, 2006 had two (2) stale dated checks dating as far back as August 2004;
- At September 30, 2006, general ledger control account balance for security deposits, did not agree to the detailed subsidiary ledger.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2007 and Prior, Continued

Condition, Continued

- The tenant accounts receivable control account did not agree to the subsidiary ledger at March 31, 2006;
- Check number 16500 paid in the amount of \$35.40 lacked the required invoice to support the disbursement;
- No noted documented reconciliation of the IRS Form 941 to the general ledger; and
- Bank reconciliation statement for the month of September 2006, reflected a debit transaction for \$558. The fee accountant recorded the debit transaction as a receivable. However, no research has been undertaken through March 28, 2007 on the validity of the charge to HASCP.

Furthermore, we noted no evidence of review of the referenced reports and/or reconciliations by management.

Recommendation

Management of HASCP should evaluate its current internal control processes involving its financial reporting cycle as well as its contractual agreement regarding services rendered by others to HASCP. Management's objective should be aimed towards ensuring that the required level of internal control is maintained to facilitate the timely and effective monitoring and completeness of its financial activities.

Current Status

Partially resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2007 and Prior, Continued

Condition

Considering the size of HASCP's personnel, the important elements of internal control and segregation of duties cannot always be achieved to insure adequate protection and safeguarding of HASCP's assets.

Recommendation

We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection activities, recordation of those receipts, depositing of funds collected, cash disbursements, recordation and procurement activities.

Current Status

Unresolved. See audit finding reference number 2008-01.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2007 and Prior, Continued

Condition

Our review of HASCP's internal control over financial reporting revealed the following conditions:

- HASCP as of April 11, 2006 (last day of fieldwork) had outstanding from its fee accountant, financial statements to include related general ledgers, bank account reconciliations, etc., for the periods from December 2005 through March 2006. The absence of monthly financial statements impacts management and the Board's ability to provide timely oversight over the financial activities of HASCP as well as make informed judgements;
- The September 30, 2005, general ledger for the Low Rent Program reflected petty cash on hand of \$ 325. However, based on discussion with management, HASCP has no petty cash on hand;
- The Voucher Choice Housing Program bank account reconciliation for the month ended September 30, 2005, included seven (7) outstanding checks that were stale dated some as far back as October 2004;
- Also, the Low Rent Public Housing Program bank account reconciliation for September 30, 2005 had two (2) stale dated checks dating as far back as August 2004; and
- At September 30, 2005, general ledger control account balances for investments, prepaid insurance and accrued leave (current and non current) did not agree to the detailed subsidiary ledgers. Some of the accounts based on our review of the general ledger had not been updated since August 2005. Furthermore, we noted no evidence of review of these reports and/or reconciliations by management.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2007 and Prior, Continued

Recommendation

We recommend that management evaluate its current internal control processes involving its financial reporting cycle as well as its contractual agreement regarding services rendered by others to HASCP. Management's objective should be aimed towards ensuring that the required level of internal control is maintained to facilitate the timely and effective monitoring of its financial transactions.

Current Status

Partially resolved.

Condition*

Bank account reconciliations and financial statements prepared by HASCP's fee accountant lacked any evidence of a review and/or approval by an appropriate member of management. Also, one of the bank accounts maintained by HASCP had a stale dated (May 1, 2004) outstanding check.

Recommendation

We recommend that management review and approve all work prepared by its fee accountant. Furthermore, all stale dated checks should be investigated and resolved.

Current Status

Unresolved.

*Repeat

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

2007 and Prior, Continued

Condition

For the year ended September 30, 2004, we noted an unfavorable budgeted to actual variance for the Capital Fund Program in the fees and cost category. However, we noted that the total cumulative cost at September 30, 2004 did not exceed the cumulative amount budgeted for the program.

Recommendation

Management should evaluate its current budgeted to actual monitoring system to facilitate the timely identification and adjustment of budget line items to eliminate potential budget overruns.

Current Status

Partially resolved.

Condition

The September 30, 2004 general ledger and related subsidiary ledger for capital assets prepared by HASCP's fee accountant does not include all inventory items (capitalized and non-capitalized) for appliances owned by HASCP.

Recommendation

Management should seek immediate resolution to the above condition.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

2007 and Prior, Continued

Condition

Currently, HASCP receives from its fee accountant monthly financial statements on a combined basis for the balance sheet and individual statements of operation. Considering that the "REAC" reports, submitted by the fee accountant, have to be prepared on an individual program basis and to facilitate HASCP's ability to review its completed financial statements from an individual program prospective, we recommend that the financial statements format be restructured to allow for the submission of individual balance sheets and statements of operation for each program.

Recommendation

Require the preparation of monthly program financial statements by its fee accountant.

Current Status

Resolved.

Condition*

Currently, HASCP does not have a written policy to facilitate the allocation of shared cost between programs.

Recommendation

HASCP should develop a written policy to address the allocation of shared cost between programs.

Current Status

Unresolved.

*Repeat

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

HASCP's response to other matters identified in our audit is described in the accompanying report under the caption "Management Response or "Current Status". We did not audit HASCP's response and, accordingly, we express no opinion no opinion on it.

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, the 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**

July 30, 2009