ST. MARY PARISH HOUSING PROGRAM
STATE OF LOUISIANA

Annual Financial Statements
with Independent Auditors' Report

and

Reports on Internal Control Over Financial Reporting
and Compliance and Other Matters and Federal Awards

For the Year Ended September 30, 2007

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: 4/16/08
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FINANCIAL INFORMATION SECTION
Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the major fund, the respective budgetary comparison, of St. Mary Parish Housing Program, of the St. Mary Parish Council, as of September 30, 2007, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of St. Mary Parish Housing Program'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of St. Mary Parish Housing Program of the St. Mary Parish Council, are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, and the major fund, of the Council that is attributable to the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the St. Mary Parish Council, as of September 30, 2007, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of St. Mary Parish Housing Program as of September 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.
The Program has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2008 on our consideration of St. Mary Parish Housing Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide our 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 considered in conjunction with this report in assessing the results of our audit.

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

CERTIFIED PUBLIC ACCOUNTANTS

March 27, 2008
ST. MARY PARISH HOUSING PROGRAM

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
September 30, 2007

<table>
<thead>
<tr>
<th>Current assets</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 119,856</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 119,856</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>$ 5,915</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>5,915</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets/Fund balance</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>113,941</td>
</tr>
<tr>
<td>Total net assets/fund balance</td>
<td>113,941</td>
</tr>
<tr>
<td>Total liabilities and net assets/fund balance</td>
<td>$ 119,856</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### ST. MARY PARISH HOUSING PROGRAM

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2007

<table>
<thead>
<tr>
<th>Expenses/Expenditures</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health and welfare</strong></td>
<td></td>
</tr>
<tr>
<td>Housing assistance payments</td>
<td>$ 241,840</td>
</tr>
<tr>
<td>Disaster Housing Assistance payments</td>
<td>25,420</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>101,685</td>
</tr>
<tr>
<td><strong>Total expenses/Expenditures</strong></td>
<td>366,945</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program revenues</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing assistance</td>
<td>322,586</td>
</tr>
<tr>
<td>Disaster housing assistance</td>
<td>25,420</td>
</tr>
<tr>
<td>Administrative</td>
<td>89,536</td>
</tr>
<tr>
<td>Disaster Administrative</td>
<td>4,492</td>
</tr>
<tr>
<td>Disaster One Time Fee</td>
<td>10,500</td>
</tr>
<tr>
<td>Investment income</td>
<td>723</td>
</tr>
<tr>
<td><strong>Total program revenues</strong></td>
<td>453,257</td>
</tr>
</tbody>
</table>

**Increase in net assets** | 84,312

**Net assets/Fund Balance - as previously stated** | 41,434

**Prior period adjustment** | (11,805)

**Net assets/Fund Balance - as restated** | 29,629

**Net assets/Fund Balance - ending** | $ 113,941

The accompanying notes are an integral part of these financial statements.
ST. MARY PARISH HOUSING PROGRAM

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - NON GAAP BASIS
For the Year Ended September 30, 2007

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original &amp; Final</td>
<td>Positive (Negative)</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing assistance</td>
<td>$290,388</td>
<td>$322,586</td>
</tr>
<tr>
<td>Disaster housing</td>
<td>27,500</td>
<td>25,420</td>
</tr>
<tr>
<td>Administrative</td>
<td>87,228</td>
<td>89,536</td>
</tr>
<tr>
<td>Disaster administrative</td>
<td>2,750</td>
<td>4,492</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>723</td>
</tr>
<tr>
<td>Total revenues</td>
<td>407,866</td>
<td>442,757</td>
</tr>
</tbody>
</table>

| Expenditures:          |                  |                             |
| Health and welfare     |                  |                             |
| Housing assistance     | 290,388          | 241,840                     |
| Disaster housing       | 27,500           | 25,420                      |
| Administrative         | 87,228           | 101,685                     |
| Disaster program       | 2,750            | -                           |
| Total expenditures     | 407,866          | 368,945                     |

Excess (deficiency) of revenues over expenditures $73,812

The accompanying notes are an integral part of these financial statements.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Mary Parish Housing Program administers the Section 8 Housing Program. The Section 8 Housing Program covers all of St. Mary Parish, excluding Morgan City.

The Section 8 Housing Program provides rental assistance to help very low income families afford decent, safe, and sanitary rental housing.

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

In June 1999, the GASB approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Statement). Significant changes required by the Statement include a Management's Discussion and Analysis (MD & A) section providing an analysis of the Program's overall financial position and results of operations, the preparation of the financial statements using full accrual accounting for all of the Program's activities (Government-wide Financial Statements), and the reporting of infrastructure assets. The major change under full accrual accounting includes reporting fixed assets (net of accumulated depreciation) and long-term liabilities in the Government-wide Financial Statements. However, the Program does not own any significant fixed assets nor infrastructure assets. In addition, the Program does not have any long-term liabilities. Because of this, the only significant section of the new statement applicable to the Program is MD & A.

The Program has not presented an MD & A that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

A. Reporting Entity

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

a. Financial benefit or burden
b. Appointment of a voting majority
c. Imposition of will
d. Fiscally dependent
Based upon the above criteria, the Program is an integral part of the St. Mary Parish Council (Council), the primary government.

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

B. Basic Financial Statements - Government-wide Financial Statements

The government-wide presentation focuses primarily on the sustainability of the Program as an entity and the change in the Program's net assets resulting from the current year's activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

C. Basic Financial Statements - Fund Financial Statements

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types". The following is a description of the fund utilized by the District.

**Governmental Fund**

**Special Revenue Funds**

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

D. Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Statements

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

Fund Financial Statements

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

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

Because there are no significant differences between either the Program's Government-wide Statement of Net Assets and the Fund Financial Statement Balance Sheet or between the Government-wide Statement of Activities and the Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, these two statements are combined for financial reporting purposes.

E. Budgets

The program director develops a projected program budget for the Section 8 Housing Program that is included in the PHA Agency Plan. The budget is approved by the St. Mary Parish Council. The budget is prepared on a basis which is consistent with generally accepted accounting principles for fund accounting, except for Disaster One Time Fee Revenue of $10,500 that is excluded from revenues for budgetary purposes.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include demand deposits. Cash and cash equivalents are stated at cost, which approximates market.

G. Equity Classifications

Equity is classified as net assets and displayed in up to three components if applicable - 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 net of accumulated depreciation and reduced by the outstanding debt that is attributable to the acquisition, construction, or improvement of these assets.

- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations.

- Unrestricted net assets – The component of net asset consist of net assets that do not meet definition of “restricted” or “invested in capital assets, net of related debt.”

At year end all Program net assets are restricted by grant requirements.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.
NOTE 2 - PRIOR PERIOD ADJUSTMENT

The Program improperly recognized certain grant funds received from HUD as revenue in a prior period that subsequently had to be refunded to the grantor. The error was found and corrected in the current year by reducing beginning assets and net assets by $11,805. This adjustment does not affect the amount of revenue or expenses reported for 2007.

NOTE 3 - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the Program’s cash and cash equivalents was $119,856 and the bank balance was $129,134 ($100,000 was covered by FDIC insurance and the remaining $29,134 was collateralized with securities held by the financial institution not in the District’s name).

NOTE 4 - CONTINGENCIES

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

NOTE 5 - CONCENTRATIONS

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

NOTE 6 - RISK MANAGEMENT

The Program is exposed to various risks of loss related to torts and errors or omissions. The Corporation contracted to administer the program carries insurance to substantially cover all risks of the Program.
<table>
<thead>
<tr>
<th>FEDERAL GRANTOR/</th>
<th>CFDA NUMBER</th>
<th>REVENUE</th>
<th>EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PASS-THROUGH GRANTOR NAME/</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROGRAM TITLE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing-Federal Housing Commissioner</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 8 Housing Choice Vouchers</td>
<td>14.871</td>
<td>$ 452,534</td>
<td>$ 368,945</td>
</tr>
<tr>
<td>Total US Dept. of Housing and Urban Development</td>
<td>$ 452,534</td>
<td>$ 368,945</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this financial schedule.
NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of activity of the Program’s federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles for fund accounting.
REPORTS ON INTERNAL ACCOUNTING CONTROL OVER 
FINANCIAL REPORTING, COMPLIANCE AND OTHER MATTERS, 
AND MAJOR FEDERAL PROGRAMS
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of governmental activities, the major fund and the respective budgetary comparison of St. Mary Parish Housing Program of the St. Mary Parish Council (the Program), as of and for the year ended September 30, 2007 which collectively comprise the Program's basic financial statements, and have issued our report thereon dated March 27, 2008, which contains two additional paragraphs. One paragraph notes that the financial statements include only the operations of the Program. An additional paragraph states that management elected to omit Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Program'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 an opinion on the effectiveness of the Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program'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 below, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.
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 the entity's ability to initiate, authorized, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Item 2007-1-FS to be a significant deficiency 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 the entity's internal control.

Our consideration of the 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 the 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 the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 2007-1-FS.

The Program's response to the findings identified in our audit are described in the accompany schedule of findings and questioned costs. We did not audit the Program's response and, accordingly, we express no opinion on it.
This report is intended solely for the use of the management of the Program, the finance committee of the St. Mary Parish Council, federal awarding agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be used by anyone other than these specified parties. However under Louisiana Revised Statute 24:513, this report is a matter of public record and may be distributed by the Legislative Auditor.

March 27, 2008
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the St. Mary Parish Housing Program (the Program) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2007. The Program's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the St. Mary Parish Housing Program's management. Our responsibility is to express an opinion on the St. Mary Parish Housing Program's compliance based on our audit.

We conducted our audit of compliance in accordance with 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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Program's compliance with those requirements.
In our opinion, the St. Mary Parish Housing Program complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2007-1-MP.

**Internal Control Over Compliance**

The management of the Program is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Program's internal control over compliance with the 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 the Program's internal control over compliance.

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

A control deficiency in an entity's internal control over 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 the entity'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 the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-1-MP to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1-MP to be a material weakness.

The Program's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Program's response and, accordingly, we express no opinion on it.
This report is intended solely for the use of the management of the Program, Federal awarding agencies, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council, and is not intended to be and should not be used by anyone other than these specified parties. However under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.

March 27, 2008
ST. MARY PARISH HOUSING PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the St. Mary Parish Housing Program.

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

   Internal Control Over Financial Reporting
   One material weakness is reported.

   Compliance and Other Matters
   One instance of noncompliance material to the basic financial statements was disclosed.

3. Federal Awards

   Compliance
   The auditors' report on compliance for the major federal award programs for the St. Mary Parish Housing Program expresses an unqualified opinion. One item of noncompliance is reported.

   Internal Control
   One material weakness is reported.

4. Audit findings relative to the major federal award program for the St. Mary Parish Housing Program are reported in Part C of this Schedule.

5. The program tested as a major program includes:

   Section 8 Housing Choice Vouchers, CFDA No. 14.871.

6. The threshold for distinguishing types A and B programs was $300,000.

7. St. Mary Parish Housing Program was not determined to be a low risk auditee.
B. FINDINGS - FINANCIAL STATEMENTS AUDIT

ITEM NO. 2007-1 - FS Repayment of KDHAP Grant Funds

Type of Finding: Item of Noncompliance and Material Weakness

Auditors' Comments

Condition: During the course of the audit we noted that the Program was required to reimburse HUD for KDHAP hurricane assistance funds received in 2006. See detail comments at 2007-1 - MP

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

ITEM NO. 2007-1 - MP Repayment of KDHAP Grant Funds

Type of Finding: Item of Noncompliance and Material Weakness

Auditors' Comments

Condition: During the course of the audit we noted that the Program was required to reimburse HUD for KDHAP hurricane assistance funds received in 2006. The Program reimbursed the grantor $36,469 in April of 2007, the Program had anticipated that $24,664 would need to be reimbursed, if not expended for hurricane victims, and had previously recorded these amounts in deferred revenue. The remaining $11,805 was reported by the Program as revenue in a prior year and was included in the Program's Balance Sheet as "restricted net assets".

A portion of the disallowed revenue appears to arise because of failure to meet the grantor's reporting requirement to separate the disaster housing assistance expenditures from normal assistance expenditures. Even though the Program's detail records differentiate between these two items of expenses.

Note that because these funds are related to a prior funding year and because the funds have previously been repaid, there is no questioned cost. NONE
Criteria: The grant requires that grant funds be expended only for certain purposes. Grant reports should separate housing assistance payments by regular assistance and disaster assistance.

Effect: Failure to properly expend or properly report the expenditures of funds results in the need to return those grant funds.

Cause: Apparently there was some confusion regarding the allowed usage of the KDHAP funds because the program was started hurriedly in an emergency situation. However, a portion of the disallowed funding is apparently due to certain allowable KDHAP items being erroneously reported as regular HAP assistance.

Recommendation: The Program should more closely monitor the data submitted via the Vendor Management System (VMS) to assure agreement with actual activity.

Management’s Response: The St. Mary Parish Housing Program is no longer assisting tenants through the KDHAP or DVP programs and therefore does not anticipate the situation to reoccur. However management does agree that in the future it will more closely monitor the data submitted via the VMS and REAC reporting systems.
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

ITEM NO. 2006-1 BUDGET

Condition: Our auditors noted during the audit that the Program did not adopt a budget for the year.

Corrective Action: This was corrected in 2007.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable, no items reported
March 28, 2008

Mr. Steve Theriot, CPA, Legislative Auditor
Office of Legislative Auditor
State of Louisiana
P O Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

The St Mary Parish Housing Program respectively submits the following corrective action plan for their year ended September 30, 2007.

CORRECTIVE ACTION
Person Responsible: James L Firmin, Program Administrator
Angela M Kraemer, Programs Manager
St Mary Parish Government Section 8 Program
Room 107 Parish Courthouse
Franklin, LA 70538
(337) 828-3986

Time for Completion: September 2008

ITEM NO. 2007-1-FS and ITEM NO. 2007-01-MP: Repayment of KDHAP Grant Funds:

Finding: During the course of the audit it was noted that the Program was required to reimburse HUD for KDHAP hurricane assistance funds received in 2006. Failure to properly report the KDHAP expenditures resulted in the need to return those grant funds.

Corrective Action: The St Mary Parish Housing Program is no longer assisting tenants through the KDHAP or DVP programs and therefore does not anticipate the situation to reoccur. However Management does agree that in the future it will more closely monitor the data submitted via the VMS and REAC reporting systems.

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

ST MARY PARISH HOUSING OFFICE

James L Firmin
Program Administrator

Angela M Kraemer
Program Manager