

**Housing Authority of the Parish of
Lafourche
Raceland, Louisiana**

**General Purpose Financial Statements and
Independent Auditors Reports
As of and for the Year Ending September 30, 2001
With Supplemental Information Schedules**

**WILLIAM DANIEL McCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

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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 9/18/02

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INDEPENDENT AUDITOR'S REPORT UNQUALIFIED OPINION ON GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Commissioners
Housing Authority of the Parish of Lafourche
Raceland, Louisiana

I have audited the accompanying general purpose financial statements of the Housing Authority of the Parish of Lafourche (PHA) as of and for the year ended September 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the Parish of Lafourche as of September 30, 2001, and the results of

its operations and the cash flows of its propriety fund types for the year ended in conformity with generally accepted accounting principles of the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated August 19, 2002 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the PHA taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for 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 general purpose financial statements. The accompanying Combining Financial Statements/Financial Data Schedules and Certification of Actual Modernization Costs are presented for purposes of additional analysis as required by HUD, and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners of the PHA, and for filing with the Department of HUD and should not be used for any other purpose.

 **William Daniel
McCaskill, CPA, APAC**
Signature Valid

Digitally signed by William
Daniel McCaskill, CPA,
APAC
DN: cn=William Daniel
McCaskill, CPA, APAC,
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William Daniel McCaskill, CPA
A Professional Accounting Corporation

August 19, 2002

**Housing Authority of Lafourche Parish
 Raceland, Louisiana
 Combined Balance Sheet - All Funds
 As of September 30, 2001**

EXHIBIT A
 Page 1 of 1

Assets

Current Assets:	
Cash and Cash Equivalents	\$ 911,965
Total Accounts Receivable, Net of Allowance for Doubtful Accounts	18,255
Investments - Unrestricted	254,685
Investments - Restricted	4,126,533
Interprogram Due From	42,050
Prepaid Expenses and Other Assets	111,247
Inventories	1,800
Total Current Assets	\$ 5,466,535
Noncurrent Assets:	
Total Fixed Assets, Net of Accumulated Depreciation	\$ 12,070,203
Other Assets	8,119,222
Total Noncurrent Assets	\$ 20,189,425
Total Assets	\$ 25,655,960

Liabilities and Equity

Current Liabilities:	
Accrued Compensated Absences	\$ 83,911
Accrued Wage/Payroll Taxes Payable	4,839
Accounts Payable < 90 Days	36,942
Accounts Payable - HUD PHA Programs	472,646
Accounts Payable - Other Government	24,600
Tenant Security Deposits	62,785
Deferred Revenues	-
Current Portion of LT Debt - Capital Projects	20,625
Accrued Liabilities - Other	12,589
Interprogram Due To	42,050
Total Current Liabilities	\$ 760,987
Total Noncurrent Liabilities	12,689,973
Total Liabilities	\$ 13,450,960
Total Fund Equity	\$ 12,205,000
Total Liabilities and Equity	\$ 25,655,960

See notes to financial statements

**Housing Authority of Lafourche Parish
 Raceland, Louisiana
 Combined Statement of Revenue, Expenses, and Change in Equity - All Funds
 For Fiscal Year Ending September 30, 2001**

EXHIBIT B
 Page 1 of 1

Revenues:	
Net Tenant Rental Revenue	\$ 739,290
HUD PHA Grants	1,803,937
Other Government Grants	100,656
Investment Income - Unrestricted	108,870
Other Revenue	155,062
Total Revenues	<u>\$ 2,907,815</u>
Operating Expenses:	
Administrative	\$ 386,514
Tenant Services	13,692
Utilities	149,632
Ordinary Maintenance & Operations	381,234
Protective Services	6,364
General Expenses	345,620
Total Operating Expenses Before Depreciation	<u>\$ 1,283,056</u>
Excess Revenue Over Expenses Before Depreciation	\$ 1,624,759
Extraordinary Maintenance	5,175
Casualty Losses - Non-Capitalized	2,158
Housing Assistance Payments	742,559
Depreciation Expense	580,135
Operating Transfers - In	194,178
Operating Transfers - Out	(194,178)
Net Operating Income (Loss) After Depreciation	<u>\$ 294,732</u>
Beginning Equity @ 9/30/00	\$ 11,534,601
Net Operating Income (Loss) After Depreciation	294,732
Prior Period Adjustments / Equity Transfers / Correction of Errors	375,667
Ending Equity @ 9/30/01	<u>\$ 12,205,000</u>
(0)	

See notes to financial statements

**Housing Authority of Lafourche Parish
 Raceland, Louisiana
 Combined Statement of Cash Flows - All Funds
 For Fiscal Year Ending September 30, 2001**

EXHIBIT C
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Cash flows from operating activities:		
Net Operating Income (Loss)	\$ (1,178,367)	
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
(Increase) Decrease in tenants accounts receivable	(7,173)	
(Increase) Decrease in accounts receivable HUD	(8,247)	
(Increase) Decrease in misc accounts receivable	5,570	
(Increase) Decrease accrued interest receivable	3,011	
(Increase) Decrease in prepaid items and other assets	(56,826)	
Increase (Decrease) in accrued interest	8,904	
Increase (Decrease) in accounts payable	24,489	
Increase (Decrease) in accounts payable HUD	313,536	
Increase (Decrease) in accrued compensated absences	59,416	
Increase (Decrease) in tenant security deposits (liability)	88,058	
Increase (Decrease) in other payables and deferred revenue	461	
Increase (Decrease) in unidentified amount	<u>(9,893)</u>	
Net cash provided (used) by operating activities		\$ (757,061)
Cash flows from noncapital financing activities:		
Federal grants	\$ 1,274,333	
Net cash provided (used) from noncapital financing activities		1,274,333
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$ (438,818)	
Proceeds from grants	529,604	
Soft Cost Expense	(42,786)	
Acquisition of Fixed Assets - CPII	(8,479,553)	
Net Proceeds of Loans	8,479,553	
Net cash provided (used) for capital and related financing activities		48,000
Cash flow from investing activities:		
Acquisition of Investments	\$ (4,126,533)	
Net Bond Proceeds	\$ 4,126,533	
Investments in 2nd Mortgages	\$ (7,948,193)	
Grants used for investments	\$ 7,948,193	
Investment income (interest income)	\$ 108,870	
Net cash provided (used) by investing activities		<u>108,870</u>
Net increase (decrease) in cash and cash equivalents		\$ 674,142
Cash and cash equivalents at beginning of year		<u>492,508</u>
Cash and cash equivalents at end of year (exhibit A)		<u>\$ 1,166,650</u>

See notes to financial statements

**Housing Authority of Lafourche Parish
 Raceland, Louisiana
 Combined Statement of Revenues & Expenditures - Budget vs. Actual
 Low Rent Program
 For Fiscal Year Ending September 30, 2001**

EXHIBIT D
 Page 1 of 3

	<i>Low Rent Public Housing</i>		
	Budget	Actual	Variance Actual-Budget Over (Under)
Revenues			
Local Sources:			
Total Tenant Rental Revenue	\$ 373,570	\$ 431,483	\$ 57,913
Investment Income - Unrestricted	8,230	21,145	12,915
Receipts from Sale of Equipment	-	-	-
Other Revenue	21,250	155,062	133,812
Federal Sources:			
Operating Subsidy / HUD PHA Grants	372,855	372,855	-
Annual Contributions	-	-	-
Total Revenues	\$ 775,905	\$ 980,545	\$ 204,640
Expenditures			
Administrative	\$ 133,850	\$ 136,304	\$ 2,454.00
Tenant Services	-	1,192	1,192.00
Utilities	97,330	136,850	39,520.00
Ordinary Maintenance & Operations	292,190	328,913	36,723.00
Protective Services	-	-	-
General Expenses	232,880	216,684	(16,196.00)
Nonroutine Maintenance	-	-	-
Capital Expenditures	21,500	-	(21,500.00)
Prior Year Adjustments	-	-	-
Depreciation Expense	-	445,091	-
Total Expenditures	\$ 777,750	\$ 1,265,034	\$ 42,193
Excess Revenues (Deficiency) Over Expenses	\$ (1,845)	\$ (284,489)	\$ 162,447

See notes to financial statements

**Housing Authority of Lafourche Parish
 Raceland, Louisiana
 Combined Statement of Revenues & Expenditures - Budget vs. Actual
 Section 8 Housing Choice Vouchers
 For Fiscal Year Ending September 30, 2001**

EXHIBIT D
 Page 2 of 3

	<i>Section 8 Choice Vouchers Program</i>		
	Budget	Actual	Variance Actual-Budget Over (Under)
Revenues			
Local Sources:			
Investment Income - Unrestricted	-	9,953	9,953
Receipts from Sale of Equipment	-	-	-
Other Revenue	-	-	-
Federal Sources:			
Operating Subsidy / HUD PHA Grants	-	-	-
Annual Contributions	1,316,051	850,317	(465,734)
Total Revenues	\$ 1,316,051	\$ 860,270	\$ (455,781)
Expenditures			
Administrative	\$ 180,587	\$ 66,658	\$ (113,929)
Tenant Services	-	-	-
Utilities	-	-	-
Ordinary Maintenance & Operations	-	-	-
Protective Services	-	-	-
General Expenses	-	-	-
Nonroutine Maintenance	-	-	-
Capital Expenditures	-	-	-
Prior Year Adjustments	-	-	-
Housing Assistance Payments	1,135,464	742,559	(392,905)
Total Expenditures	\$ 1,316,051	\$ 809,217	\$ (506,834)
Excess Revenues (Deficiency) Over Expenses	\$ -	\$ 51,053	\$ 51,053

See notes to financial statements

**Housing Authority of Lafourche Parish
 Raceland, Louisiana
 Combined Statement of Revenues & Expenditures - Budget vs. Actual
 City Place II
 For Fiscal Year Ending September 30, 2001**

EXHIBIT D
 Page 3 of 3

	<i>City Place II</i>		
	Budget	Actual	Variance Actual-Budget Over (Under)
Revenues			
Local Sources:			
Total Tenant Rental Revenue	400,597	289,949	(110,648)
Receipts from Sale of Equipment	-	-	-
Other Revenue	15,560	18,056	2,496
Federal Sources:			
Operating Subsidy / HUD PHA Grants	-	-	-
Annual Contributions	-	-	-
Total Revenues	\$ 416,157	\$ 308,005	\$ (108,152)
Expenditures			
Administrative	\$ 92,369	\$ 29,340	\$ (63,029)
Tenant Services			-
Utilities	21,585	12,782	(8,803)
Ordinary Maintenance & Operations	42,878	51,882	9,004
Protective Services	-	-	-
General Expenses	34,802	59,213	24,411
Nonroutine Maintenance	-	5,175	5,175
Capital Expenditures	-	-	-
Debt Service	231,954	145,085	(86,869)
Depreciation Expense		122,578	122,578
Total Expenditures	\$ 423,588	\$ 426,055	\$ 2,467
Excess Revenues (Deficiency) Over Expenses	\$ (7,431)	\$ (118,050)	\$ (110,619)

See notes to financial statements

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
(continued)

Housing Authorities are chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Raceland, Louisiana. This creation was contingent upon the local governing body of the city, county, or parish as applicable. A seven member Board of Commissioners governs the PHA. The members, appointed by the Parish Council of Lafourche Parish, Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PHA for the purpose of assisting the PHA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PHA for the purpose of maintaining this low rent character.

NOTE A - FINANCIAL REPORTING

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the PHA and its component units, entities for which the PHA is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the PHA's operations and data from these units, if any are combined with data of the PHA. The PHA has 2 blended component units as reported on the Financial Data Schedule. They are Community Development Corporation, Inc. (CDC) and City Place II Housing Corporation, Inc. (CPII). CDC has a fiscal year end 12-31-2001 and the financials of this component unit are as of and for the year then ended. The PHA and the other component unit have fiscal year end 9-30-2001 and those financials are reported as of and for the year then ended. Each discretely presented component, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the PHA. As of September 30, 2001, and for the fiscal then ended, the PHA had no discretely presented component units or any component units.

(2) Accounting Principle

The PHA uses the governmental GAAP enterprise method of accounting.

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
(continued)

The enterprise method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The enterprise method recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable.

Depreciation expense must be recognized for the enterprise method of accounting. Under the HUD regulatory method of accounting, depreciation was not recognized.

The PHA applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

(3) Budgetary Data

The PHA is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program and the Section 8 Programs. Annual budgets are not required for modernization and drug elimination grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

(4) Cash and Cash Equivalents

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

(5) Tenant Receivables

Receivables for rental and service charges are reported in the General Fund, net of allowances for doubtful accounts.

(6) Fixed Assets

Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Interest costs during construction have not been capitalized.

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
 (continued)

(7) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

(8) Inventory and Prepaid Items

All inventory items are valued at cost using first-in, first-out method, and inventory is recorded using the purchase method. At year-end, the amount of inventory is recorded for external financial reporting. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 2001. The categories are described as follows:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3: Uncollateralized, uninsured and unregistered, but with securities held by the bank, its agent, pledged to the PHA, but not in the PHA's name.

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

Total Bank Balances	Category 1	Category 2	Category 3
\$1,204,759	\$100,000	\$56,343	\$1,048,416

Whereas the reconciled general ledger reflects a balance of \$1,166,650 the actual bank balances were \$1,204,759.

The PHA has investments in U.S.G overnment securities in the amount of \$4,126,533. We are not reporting these investments as Cash and Cash Equivalents because the maturity is greater than 90 days after FYE.

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
(continued)

NOTE C - ACTIVITIES OF THE PHA

At September 30, 2001, the PHA was managing 274 units of Low Rent Public Housing under FW-1297, a Section 8 Choice Voucher Program, a Capital Fund Program, a Comprehensive Grant program, and a Drug Elimination Program. The PHA has component units as follows:

Community Development Corporation of Lafourche, Inc. (CDC) – This non-profit entity has previously received \$8,344,210 of Upfront Grants/ (Disposition) from HUD for the purpose of replacing 200 subsidized rental units. CDC performed this task by passing along the grant monies to two (2) affordable apartment developments in the form of non-forgivable 2nd mortgages which require all repayments of the 2nd mortgages be reinvested by CDC in the production of new affordable housing.

City Place II Housing Development, Inc. (CPII) – This non profit entity owns and operates 112 units of affordable rental properties in Lafourche Parish. CP II assumed an FHA insured 221 (d) (4) 1st mortgage, and an upfront grant pass thru 2nd mortgage. As well, the PHA issued GNMA guaranteed bonds for the benefit of CP II in acquiring the apartment property.

NOTE D - CONTINGENCIES

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

NOTE E - FIXED ASSETS

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

Site improvements	15 Years
Buildings	33 Years
Building improvements	15 Years
Non-dwelling structures	33 Years
Equipment	3-7 Years

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
(continued)

Low Rent	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Land	\$594,393	\$	\$	\$594,393
Buildings	7,876,632	331,016	5,503,907	2,372,725
Furniture & Equipment – Dwellings	147,405	12,623	127,352	20,053
Furniture & Equipment – Administration	173,156	18,359	145,949	27,207
Leasehold Improvements	2,111,952	83,093	1,913,684	198,268
TOTAL	\$10,903,539	\$445,091	\$7,690,892	\$3,212,647

CGP Programs	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Buildings	400,998	6,777	6,777	394,221
Furniture & Equipment – Dwellings	16,569			16,569
Furniture & Equipment – Administration	33,443	4,643	4,643	28,800
Leasehold Improvements	60,187	1,046	1,046	59,141
TOTAL	\$511,197	\$12,466	\$12,466	\$498,731

CFP Program	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Buildings	1,850			1,850
TOTAL	\$1,850			\$1,850

Section 8 Programs	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Furniture & Equipment – Administration	14,129	2,380	14,129	0
TOTAL	\$14,129	\$2,380	\$14,129	\$0

The capitalization limit is \$1,000.

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
(continued)

All land and building – except the CPII properties, are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

City Place II	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Land	100,000			100,000
Buildings	6,978,527	88,113	88,113	6,890,414
Furniture & Equipment – Administration	10,496	875	875	9,621
Leasehold Improvements	1,209,266	33,591	33,591	1,175,675
TOTAL	\$8,298,289	\$122,578	\$122,578	\$8,175,711

The capitalization limit for City place II is \$ 1.

Fixed assets are carried at cost. The value of the assets was determined by the amount paid by the corporation assumed when it purchased the apartment development. The capitalization policy includes a threshold of \$ 1.00. Depreciation is provided using straight-line methods. Maintenance and repairs are expensed as incurred. Major additions are capitalized at cost.

NOTE F - LONG-TERM DEBT

The following paragraph relates to general PHA activities:

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the authority, and accordingly, have not been reported in the accompanying financial statements. The amount of this debt that has been reclassified to HUD Equity is \$1,999,063.

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
 (continued)

The following paragraphs relate to the PHA's component unit, City Place II Housing Corporation, Inc.:

The HUD-insured Section 221 (d)(4) mortgage note is payable in monthly installments including interest at 6.75% through March, 2037. In addition, monthly deposits for insurance and replacement of depreciable assets are required. Substantially all of the rental property and equipment is pledged as collateral in the mortgage note.

The following schedule outlines principal amounts due on the note:

2002	22,573
2003	24,146
2004	25,825
2005	27,626
2006	29,578
2007 and future years	3,853,370

A second mortgage note is payable to Community Development Corporation of Lafourche in the amount of \$ 4,333,323 with interest at 1%. This note is due and payable on the maturity date of the first mortgage. Payments due under this note shall be payable only from surplus cash as defined in the Regulatory Agreement between HUD and City Place Lockport Limited Partnership, as assumed by City Place II Housing Corporation, Inc.

The balance of the 2nd mortgage and accrued interest @ FYE are as follows:

Mortgage Principal	4,313,389
Accrued Interest	95,150

It is noted that, prior to the corporation purchasing the apartment property on April 24, 2001, the first mortgage was in default which automatically caused the second mortgage to also be considered in default. Upon the purchase of the property, the default of the first mortgage was cured which cured the default of the second mortgage.

The basic terms of City Place II requiring the 112 unit apartment development was an assumption of 1st and 2nd mortgage debt. The sale price, as adjusted by this audit, was \$8,479,533.

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
(continued)

As part of the process of assuming the 1st mortgage, the lender required the PHA to have more liquidity. That was resolved by the PHA issuing tax exempt bonds in the amount of \$3,960,000. These bonds were guaranteed by GNMA. The PHA then invested the proceeds in GNMA securities in the amount of \$4,126,533.

NOTE G - RETIREMENT PLAN

The entity provides benefits for all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six-month exclusionary period. The employee contributes 5% and the entity contributes 8% of the employee's base monthly salary. The entity's contributions for each employee (and interest allocated to the employee's account) vest at 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll for the fiscal year ending September 30, 2001 was \$279,275. The entity's contributions were calculated using the base salary amount of \$279,275. Contributions to the plan were \$13,964 and \$22,342, by the employees and the entity, respectively.

NOTE H - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Cash and Investments

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

NOTE I - USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
(continued)

*NOTE J - PRIOR PERIOD ADJUSTMENTS / EQUITY TRANSFERS
CORRECTION OF ERRORS*

<i>Program</i>	<i>Description</i>	<i>Amount</i>
<i>Low Rent</i>	Soft Cost Correction	(26,802)
	Correction of Errors	289,000
	Correction of Errors	30,803
	Correction of Errors	(11,907)
	Equity Transfer	375,586
	<i>TOTAL</i>	656,680

<i>Program</i>	<i>Description</i>	<i>Amount</i>
<i>Comprehensive Grant Program</i>	Soft Costs	26,802
	Equity Transfer	(375,586)
	<i>TOTAL</i>	(348,784)

<i>Program</i>	<i>Description</i>	<i>Amount</i>
<i>Choice Vouchers</i>	Equity Transfer	132,956

<i>Program</i>	<i>Description</i>	<i>Amount</i>
<i>Rental Certificates</i>	Equity Transfer	(3,229)

<i>Program</i>	<i>Description</i>	<i>Amount</i>
<i>Rental Voucher</i>	Equity Transfer	(129,727)

<i>Program</i>	<i>Description</i>	<i>Amount</i>
<i>City Place II</i>	Correction of Errors	67,771

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
(continued)

NOTE K – INTERFUND RECEIVABLES / PAYABLES

<i>Program</i>	<i>Debit</i>	<i>Credit</i>
Low Rent	42,050	
Choice Vouchers		42,050
<i>SUM</i>	42,050	42,050

NOTE L - COMPENSATED ABSENCES

At September 30, 2001, employees of the PHA have accumulated and vested \$83,911 of employee leave benefits, computed in accordance with GASB Codification Section C60.

NOTE M – RELATED PARTY TRANSACTIONS

During the fiscal year, The Public Housing Authority (PHA) had the following related party transactions:

The Lafourche Parish Public Housing Authority (PHA) created and controls City Place II Housing Corporation, Inc. (CP II)

CP II purchased the City Place II apartment development from City Place Lockport Limited Partnership for the amount of \$8,479,533. The City Place Lockport Limited Partnership is controlled by Mr. Phillip Miller. Originally, the PHA chose partnerships controlled by Mr. Philip Miller to develop City Place I in Thibodaux and City Place II in Lockport.

Annual accounting for CP IIw as completed by Miller and Associates, Inc. Miller and Associates, Inc., is owned by Mr. Gregg Miller, Mr. Philip Miller's son.

The annual accounting for the PHA was completed by Miller and Associates, Inc. Miller and Associates, Inc., is owned by Mr. Gregg Miller, Mr. Philip Miller's son.

The PHA created and controls Community Development Corporation of Lafourche (CDC).

Housing Authority of the Parish of Lafourche
Notes to Financial Statements
Fiscal Year Ending September 30, 2001
(continued)

CDC holds a 2nd mortgage on the City Place IIa apartments in the amount of \$4,313,389 plus accrued interest of \$95,150.

CDC holds a 2nd mortgage on the City Place I apartment site in Thibobaux, which is a partnership controlled by Mr. Philip Miller, in the amount of \$3,444,156 principal plus accrued interest in the amount of \$84,714.

The PHA issued a GNMA bond indenture in the amount of \$3,960,000 in order to assist C P III in the purchase of City Place II apartments.

**Housing Authority of Lafourche Parish
 Raceland, Louisiana
 Expenditures of Federal Awards
 For Fiscal Year Ending September 30, 2001**

SCHEDULE I
 Page 1 of 1

<i>CFDA #</i>	<i>Name of Federal Program</i>	<i>Federal Award Expenditure</i>
14.850a	Low Rent Public Housing	372,855
14.854	Public and Indian Housing Drug Elimination Program	51,161
14.859	Public Housing Comprehensive Grant Program	473,786
14.871	Housing Choice Vouchers	850,317
14.872	Capital Fund Program	55,818
	Total Federal Expenditures	<u>\$ 1,803,937</u>

Included in the PHA's financials is a component unit, City Place II Housing Corporation, Inc. (CP II). CP II has an FHA insured 1st mortgage indebtedness under the 221 (d) (4) program with a principal balance @ FYE of \$4,313,389.

At FYE, the PHA recorded \$1,999,063 of Long Term HUD Guaranteed Debt in the Equity section of the balance sheet.

Property insurance in place @ FYE totals \$7,050,759. Please see finding 2001 - 2a 1) that describes an underinsurance condition.

See notes to financial statements

Housing Authority of Lafourche Parish
Raceland, Louisiana
Combining Balance Sheet / Financial Data Schedule - All Funds
As of September 30, 2001

	Public Housing Programs		Capital Fund Program	City Place II	Community Development Corporation	PIH Drug Elimination	Section 8 Rental Vouchers	Section 8 Rental Certificates	Section 8 Choice Vouchers	Total
	Low Rent	CGP								
Assets										
Current Assets:										
Cash - Unrestricted	\$ 82,400	\$ -	\$ -	\$ 101,150	\$ -	\$ -	\$ -	\$ -	\$ 701,930	\$ 885,480
Cash - Restricted	26,485	-	-	-	-	-	-	-	-	26,485
Total Cash	\$ 108,885	\$ -	\$ -	\$ 101,150	\$ -	\$ -	\$ -	\$ -	\$ 701,930	\$ 911,965
Accounts Receivable - PHA Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable - HUD Other Projects	8,400	-	-	-	-	-	-	-	-	8,400
Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	-	-
Accounts Receivable - Miscellaneous	2,301	-	-	-	-	-	-	-	-	2,301
Accounts Receivable - Tenants Dwelling Rents	6,987	-	-	2,936	-	-	-	-	-	9,923
Allowance for Doubtful Accounts - Dwelling Rents	(2,750)	-	-	-	-	-	-	-	-	(2,750)
Accrued Interest Receivable	381	-	-	-	-	-	-	-	-	381
Total Accounts Receivable, Net of Allowance	\$ 15,319	\$ -	\$ -	\$ 2,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,255
Interprogram Due From Investments - Unrestricted	\$ 42,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,050
Investments - Restricted	254,685	-	-	-	-	-	-	-	-	254,685
Prepaid Expenses and Other Assets	4,126,533	-	-	-	-	-	-	-	-	4,126,533
Inventories	55,465	-	-	55,782	-	-	-	-	-	111,247
Total Other Assets	1,800	-	-	-	-	-	-	-	-	1,800
Total Current Assets	\$ 4,480,533	\$ -	\$ -	\$ 55,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,536,315
Total Current Assets	\$ 4,604,737	\$ -	\$ -	\$ 159,868	\$ -	\$ -	\$ -	\$ -	\$ 701,930	\$ 5,466,535
Noncurrent Assets:										
Land	\$ 594,394	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 694,394
Buildings	7,876,632	400,998	1,850	8,369,057	-	-	-	-	-	16,648,537
Furniture, Equipment & Machinery - Dwellings	147,405	16,569	-	-	-	-	-	-	-	163,974
Furniture, Equipment & Machinery - Administration	173,156	33,443	-	10,496	-	-	-	14,129	-	231,224
Leasehold Improvements	2,111,952	60,187	-	-	-	-	-	-	-	2,172,139
Accumulated Depreciation	(7,890,892)	(12,466)	-	(122,578)	-	-	-	(14,129)	-	(7,840,065)
Construction In Progress	-	-	-	-	-	-	-	-	-	-
Total Fixed Assets, Net of Accumulated Depreciation	\$ 3,212,647	\$ 498,731	\$ 1,850	\$ 8,356,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,070,203
Note Receivable - City Place I	\$ -	\$ -	\$ -	\$ -	\$ 3,444,156	\$ -	\$ -	\$ -	\$ -	\$ 3,444,156
Note Receivable - City Place II	\$ -	\$ -	\$ -	\$ -	\$ 4,313,389	\$ -	\$ -	\$ -	\$ -	\$ 4,313,389
Non Current Accrued Interest Receivable	\$ -	\$ -	\$ -	\$ -	\$ 190,648	\$ -	\$ -	\$ -	\$ -	\$ 190,648
Bond Issue Cost - Capitalized	\$ 171,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,029
Total Noncurrent Assets	\$ 3,383,676	\$ 498,731	\$ 1,850	\$ 8,356,975	\$ 7,948,193	\$ -	\$ -	\$ -	\$ -	\$ 20,189,425
Total Assets	\$ 7,988,413	\$ 498,731	\$ 1,850	\$ 8,516,843	\$ 7,948,193	\$ -	\$ -	\$ -	\$ 701,930	\$ 25,655,960

See notes to financial statements

Housing Authority of Lafourche Parish
 Raceland, Louisiana

Combining Balance Sheet / Financial Data Schedule - All Funds
 As of September 30, 2001

	Public Housing Programs		City Place II	Community Development Corporation	PIH Drug Elimination	Section 8		Total
	Low Rent	Capital Fund Program				Rental Vouchers	Choice Certificates	
Accrued Compensated Absences	\$ 75,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,299	\$ 83,911
Accrued Wage/Payroll Taxes Payable	4,839	-	-	-	-	-	-	4,839
Accounts Payable < 90 Days	26,037	-	10,905	-	-	-	-	36,942
Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	472,646	472,646
Accounts Payable - Other Government	24,600	-	-	-	-	-	-	24,600
Tenant Security Deposits	26,485	-	36,300	-	-	-	-	62,785
Deferred Revenues	-	-	-	-	-	-	-	-
Current Portion of LT Debt - Capital Projects	-	-	20,625	-	-	-	-	20,625
Accrued Interest Payable	3,685	-	8,904	-	-	-	-	12,589
Interprogram Due To	-	-	-	-	-	-	42,050	42,050
Total Current Liabilities	\$ 161,258	\$ -	\$ 76,734	\$ -	\$ -	\$ -	\$ 522,995	\$ 760,987

Liabilities and Equity

Current Liabilities:

Accrued Compensated Absences	\$ 75,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,299	\$ 83,911
Accrued Wage/Payroll Taxes Payable	4,839	-	-	-	-	-	-	4,839
Accounts Payable < 90 Days	26,037	-	10,905	-	-	-	-	36,942
Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	472,646	472,646
Accounts Payable - Other Government	24,600	-	-	-	-	-	-	24,600
Tenant Security Deposits	26,485	-	36,300	-	-	-	-	62,785
Deferred Revenues	-	-	-	-	-	-	-	-
Current Portion of LT Debt - Capital Projects	-	-	20,625	-	-	-	-	20,625
Accrued Interest Payable	3,685	-	8,904	-	-	-	-	12,589
Interprogram Due To	-	-	-	-	-	-	42,050	42,050
Total Current Liabilities	\$ 161,258	\$ -	\$ 76,734	\$ -	\$ -	\$ -	\$ 522,995	\$ 760,987

Noncurrent Liabilities:

Long-term Debt, Net of Current - Capital Projects	\$ -	\$ -	\$ 8,344,210	\$ -	\$ -	\$ -	\$ -	\$ 8,344,210
Premium on Bonds Payable	385,763	-	-	-	-	-	-	385,763
Bonds Payable	3,960,000	-	-	-	-	-	-	3,960,000
Total Noncurrent Liabilities	\$ 4,345,763	\$ -	\$ 8,344,210	\$ -	\$ -	\$ -	\$ -	\$ 12,689,973
Total Liabilities	\$ 4,507,021	\$ -	\$ 8,420,944	\$ -	\$ -	\$ -	\$ 522,995	\$ 13,450,960

Equity:

Project Notes (HUD)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term Debt - HUD Guaranteed	1,999,063	-	-	-	-	-	-	1,999,063
Net HUD PHA Contributions	1,212,862	75,734	-	7,948,193	-	-	-	9,236,789
Other Contributions	-	-	-	-	-	-	-	-
Total Contributed Capital	\$ 3,211,925	\$ 75,734	\$ -	\$ 7,948,193	\$ -	\$ -	\$ -	\$ 11,235,852
Restricted Net Assets	-	-	55,782	-	-	-	-	55,782
Undesignated Fund Balance/Retained Earnings	\$ 269,467	\$ 422,997	\$ 1,850	\$ -	\$ -	\$ -	\$ 178,935	\$ 913,366
Total Equity	\$ 3,481,392	\$ 498,731	\$ 1,850	\$ 7,948,193	\$ -	\$ -	\$ 178,935	\$ 12,205,000
Total Liabilities and Equity	\$ 7,988,413	\$ 498,731	\$ 1,850	\$ 8,516,843	\$ 7,948,193	\$ -	\$ 701,930	\$ 25,655,960

See notes to financial statements

- - - - - 0

Housing Authority of Lafourche Parish
Raceland, Louisiana
Combining Statement of Revenue, Expenses, and Change in Equity /
Financial Data Schedule - All Funds
For Fiscal Year Ending September 30, 2001

	Public Housing Programs	Capital Fund Program	City Place II	Community Development Corporation	PIH Drug Elimination	Section 8 Rental Vouchers	Section 8 Rental Certificates	Section 8 Choice Vouchers	Total
Revenues:									
Net Tenant Rental Revenue	\$ 381,852	\$ -	\$ 289,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,801
Net Tenant Revenue - Other	49,631	-	17,858	-	-	-	-	-	67,489
Total Tenant Rental Revenue	\$ 431,483	\$ -	\$ 307,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 739,290
HUD PHA Grants	\$ 372,855	\$ 473,786	\$ 55,818	\$ -	\$ 51,161	\$ -	\$ -	\$ 850,317	\$ 1,803,937
Investment Income - Restricted	100,656	-	-	-	-	-	-	-	100,656
Investment Income - Unrestricted	21,145	-	198	77,574	-	-	-	9,953	108,870
Other Revenue	155,062	-	-	-	-	-	-	-	155,062
Total Other Revenue	\$ 649,718	\$ 473,786	\$ 55,818	\$ 77,574	\$ 51,161	\$ -	\$ -	\$ 860,270	\$ 2,168,525
Total Revenue	\$ 1,081,201	\$ 473,786	\$ 55,818	\$ 77,574	\$ 51,161	\$ -	\$ -	\$ 860,270	\$ 2,907,815
Operating Expenses:									
Administrative Salaries	\$ 82,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,002	\$ 140,846
Auditing Fees	2,830	-	-	-	-	-	-	-	2,830
Compensated Absences	8,229	-	-	-	-	-	-	-	8,229
Employee Benefit Contributions-Administrative	43,069	-	-	-	-	-	-	2,603	49,844
Other Operating - Administrative	59,149	36,818	5,968	-	51,161	-	-	15,544	184,765
Outside Management Fees	-	-	-	-	-	-	-	-	12,500
Employee Benefit Contributions-Tenant Services	-	-	-	-	-	-	-	-	-
Tenant Services-Other	1,192	-	-	-	-	-	-	-	1,192
Water	37,083	-	-	-	-	-	-	-	40,531
Electricity	30,769	-	3,448	-	-	-	-	-	38,954
Gas	63,689	-	8,185	-	-	-	-	-	63,689
Other Utilities Expense	5,309	-	1,149	-	-	-	-	-	6,458
Ordinary Maintenance & Operations-Labor	151,097	-	6,929	-	-	-	-	-	158,026
Ordinary Maintenance & Operations-Materials	79,888	-	6,890	-	-	-	-	-	86,778
Ordinary Maintenance & Operations-Contract	40,127	-	35,980	-	-	-	-	439	76,546
Employee Benefit Contributions-Maintenance	57,801	-	2,083	-	-	-	-	-	59,884
Protective Services - Labor	-	-	-	-	-	-	-	-	-
Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-
Protective Services - Other	-	-	-	-	-	-	-	-	-
Bond Costs	6,364	-	-	-	-	-	-	-	6,364
Insurance Premiums	113,975	-	35,963	-	-	-	-	2,070	152,008
Other General Expenses	-	-	7,125	-	-	-	-	-	7,125
Payments in Lieu of Taxes	24,600	-	-	-	-	-	-	-	24,600
Bad Debt - Other	15,802	-	-	-	-	-	-	-	16,802
Interest Expense	-	-	145,085	-	-	-	-	-	145,085
Total Operating Expenses Before Depreciation	\$ 824,149	\$ 36,818	\$ 5,968	\$ 298,302	\$ 51,161	\$ -	\$ -	\$ 66,658	\$ 1,283,056

See notes to financial statements

Housing Authority of Lafourche Parish
Raceland, Louisiana
Combining Statement of Revenue, Expenses, and Change in Equity /
Financial Data Schedule - All Funds
For Fiscal Year Ending September 30, 2001

	Public Housing Programs		Capital Fund Program	City Place II	Community Development Corporation	PIH Drug Elimination	Section 8 Rental		Section 8 Choice Vouchers	Total
	Low Rent	CGP					Certificates	Vouchers		
Excess Revenue Over Expenses Before Depreciation	\$ 257,052	\$ 436,968	\$ 49,850	\$ 9,703	\$ 77,574	\$ -	\$ -	\$ 793,612	\$ -	1,624,759
Extraordinary Maintenance	-	-	-	5,175	-	-	-	-	-	5,175
Casualty Losses - Non-Capitalized	2,158	-	-	-	-	-	-	-	-	2,158
Housing Assistance Payments	-	-	-	-	-	-	-	742,559	-	742,559
Depreciation Expense	445,091	12,466	-	122,578	-	-	-	-	-	580,135
Operating Transfers - In	48,000	-	-	146,178	-	-	-	-	-	194,178
Operating Transfers - Out	(146,178)	-	(48,000)	-	-	-	-	-	-	(194,178)
Net Operating Income (Loss) After Depreciation	\$ (288,375)	\$ 424,502	\$ 1,850	\$ 28,128	\$ 77,574	\$ -	\$ -	\$ 51,053	\$ -	\$ 294,732
Beginning Equity @ 9/30/00	\$ 3,113,087	\$ 423,013	\$ -	\$ -	\$ 7,870,619	\$ -	\$ 129,727	\$ 3,229	\$ (5,074)	\$ 11,534,601
Net Operating Income (Loss) After Depreciation	(288,375)	424,502	1,850	28,128	77,574	-	-	51,053	-	294,732
Prior Period Adjustments	656,680	(348,784)	-	67,771	-	-	(129,727)	(3,229)	132,956	375,667
Capital Outlays Enterprise Fund	-	-	-	-	-	-	-	-	-	-
Ending Equity @ 9/30/01	\$ 3,481,392	\$ 498,731	\$ 1,850	\$ 95,899	\$ 7,948,193	\$ -	\$ -	\$ 178,935	\$ -	\$ 12,205,000
	(0)	-	-	-	-	-	-	-	-	(0)

See notes to financial statements

**Housing Authority of Lafourche Parish
Raceland, Louisiana
Statement and Certification of Actual Modernization Costs
For Fiscal Year Ending September 30, 2001**

Schedule IV
Page 1 of 1

Modernization Project Number LA48PO8070698

Original Funds Approved \$ 309,736

Less Funds Expended (Actual Modernization Cost) 309,736

Excess Funds Approved \$ -

Funds Disbursed \$ 309,736

Less Funds Expended (Actual Modernization Cost) 309,736

Excess Funds Disbursed \$ -

The distribution of costs by project as shown on HUD Final Performance and Evaluation Report dated July 5, 2001 accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

See notes to financial statements

William Daniel McCaskill, CPA

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Board of Commissioners
Housing Authority of the Parish of Lafourche
Raceland, Louisiana

I have audited the financial statements of the Housing Authority of the Parish of Lafourche (PHA), as of and for the year ended September 30, 2001 and have issued my report thereon dated August 19, 2002. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 2001 - 1 through 2001 - 3.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted

certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the PHA's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001 - 1 through 2001 - 3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, of the reportable conditions described above, I consider items 2001 - 1 through 2001 - 3 to be material weaknesses.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

 **William Daniel McCaskill,**
CPA, APAC

Signature Valid

Digitally signed by William
Daniel McCaskill, CPA, APAC
DN: cn=William Daniel
McCaskill, CPA, APAC, c=US
Date: 2002.09.10 10:52:38
-05'00'

William Daniel McCaskill, CPA
A Professional Accounting Corporation

August 19, 2002

William Daniel McCaskill, CPA

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

Board of Commissioners
Housing Authority of the Parish of Lafourche
Raceland, Louisiana

Compliance

I have audited the compliance of the Housing Authority of the Parish of Lafourche (PHA) 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 each of its major federal programs for the year ended September 30, 2001. The PHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the PHA's management. My responsibility is to express an opinion on the PHA's compliance based on my audit.

I conducted my audit of compliance in accordance with: generally accepted auditing standards; 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 I 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 PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable

Housing Authority of the Parish of Lafourche
Fiscal Year Ending September 30, 2001

basis for my opinion. My audit does not provide a legal determination on the PHA's compliance with those requirements.

As described in items 2000 -1a through 2001 - 3a in the accompanying schedule of findings and questioned costs, the PHA did not comply with requirements regarding cash management, equipment and real property management, real property acquisition and relocation assistance and reporting that are applicable to the PHA's Low Income Housing, Capital Fund Program, Comprehensive Grant Program, Housing Choice Voucher Program, Drug Elimination Program and FHA Insurance Program. Compliance with such requirements is necessary, in my opinion, for the PHA to comply with the requirements applicable to those programs.

Internal Control Over Compliance

The management of the PHA 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 my audit, I considered the PHA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design and operation of the internal control over compliance that, in my judgment, could adversely affect the PHA's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2000-1a through 2001- 3a.

A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items 2000-1a through 2001- 3a to be material weaknesses.

Housing Authority of the Parish of Lafourche
Fiscal Year Ending September 30, 2001

This report is intended for the information of the audit committee, management, and HUD. However, this report is a matter of public record and its distribution is not limited.

 **William Daniel McCaskill, CPA,
APAC**
Signature Valid

Digitally signed by William Daniel
McCaskill, CPA, APAC
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CPA, APAC, c=US
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William Daniel McCaskill, CPA
A Professional Accounting Corporation

August 19, 2002

**Housing Authority of Lafourche Parish
Schedule of Audit Adjusting Journal Entries
Fiscal Year Ending September 30, 2001**

<u>Low Rent Program</u>	Debit	Credit
Investments	146,155.69	
Retained Earnings		146,155.69
Interest income		13,589.05
Other revenue—flood insurance proceeds		144,473.62
Correction of Errors	11,906.98	

This is to record investments, interest income, and flood insurance proceeds @ FYE, and for the fiscal year. The fee accountant did not receive any of the investment statements during the fiscal year.

Land	289,000	
Equity		289,000
Correction of Errors		289,000

This is to record 3 parcels of land that HUD sold to the PHA for \$10. These parcels had not previously been recorded on the PHA's general ledger. The amount recorded is based on a current appraisal.

Long Term Debt – HUD Guaranteed	1,186,773	
Net HUD PHA Contributions		1,186,773
To agree the FDS with last years audit		

Land	305,394	
Leasehold Improvements		305,394
Buildings	20,379	
Furniture and Equipment – Administration		7,389
Leasehold Improvements		7,388
Accumulated Depreciation	25,271	
Depreciation Expense		14,848
Net HUD Contributions		45,651
Correction of Errors		30,803

To correct the fee accountant's unaudited submission relative to the 99 CGP

**Housing Authority of Lafourche Parish
Schedule of Audit Adjusting Journal Entries
Fiscal Year Ending September 30, 2001**

Issuance of Bonds by PHA

	<u>Dr</u>	<u>Cr</u>
Bond Fund (restricted cash)	57,685.00	
Acquisition Fund (restricted cash)	4,106,578.80	
Bond Issue Costs (restricted cash)	190,194.00	
Accrued Interest		3,685.00
Premium on Bonds Payable		390,772.80
Bonds Payable		3,960,000.00

To record the issuance of a bond
Indenture on 4/25/2001

Amortization of Bond Costs and Premium

Premium on Bonds Payable	5,009.91	
Net Bond Premium Amortization		2,571.53
Bond Issue Costs		2,438.38

To record amortization
as of 9/30/ 2001

Reconciliation of Statement Activity

Bond Fund (restricted investments)	151,072.00	
Service Fees expense	75.00	
Investment Income		843.00
Bond Fund (restricted cash)		57,685.00
Acquisition Fund (restricted investments)	3,962,847.00	
Service Fees expense	691.00	
Acquisition Fund (restricted investments)		6,551.00
Investment Income		106,364.20
Acquisition Fund (restricted cash)		4,106,578.80
Investment Income	6,551.00	

**Housing Authority of Lafourche Parish
Schedule of Audit Adjusting Journal Entries
Fiscal Year Ending September 30, 2001**

Bond Issue Costs (capitalized costs)	171,029.00	
Bond Issue Costs (restricted investments)	19,165.00	
Service Fee	51.00	
Bond Issue Costs (restricted cash)		190,194.00
Operating Transfer Out	146,178.00	
Miscellaneous expenses	10,557.00	

To record transactions of 3 bond funds
from 4/25/2001 through 9/30/2001

<u>Comprehensive Grant Program</u>	Debit	Credit
Leasehold Improvements	7,388	
Furniture and Equipment– Administration		7,388
Accumulated Depreciation		12,466
Depreciation Expense	12,466	
Retained Earnings	12,466	

To correct the fee accountant's unaudited
submission relative to the 99 CGP

Housing Choice Vouchers

Interprogram – Due from	42,050	
Interprogram – Due to		42,050

To correctt he unaudited submission

**Housing Authority of Lafourche Parish
Schedule of Audit Adjusting Journal Entries
Fiscal Year Ending September 30, 2001**

CITY PLACE II HOUSING DEVELOPMENT CORPORATION AS OF 9-30-2001

	Debit	Credit
Noncurrent 2 nd Mortgage Payable		
to Community Development Corporation		4,313,389
Noncurrent Accrued Interest Payable – 2 nd Mortgage		95,150
Buildings – To adjust original purchase price	35,086	
Correction of Errors		22,680

The above is to record previously unrecorded second mortgage Transactions. These are Upfront Grants from HUD passed through to the City Place II apartment development as a loan secured by a second mortgage, 1% interest
Accrued annually, all due 40 years from inception.

HA Bonds Issued	3,960,000	
Premium on Bonds	390,773	
Equity	22,680	

To remove amounts entered as bond liability by mistake.
The bond liability is with the issuer, the PHA.

Interest Expense	18,995	
Correction of Errors		18,995

To record the second mortgage
interest accrual

Interest Payable	3,685	
Equity		3,685
Correction of Errors		3,685

To delete interest payable for bonds
that are not to be recorded on
City Place II's books

Accrued Interest Payable		8,904
Interest Expense	8,904	
Equity	8,904	

To bring the Accrued Interest Payable @ FYE
for the first mortgage payable
to the correct amount of 8,904

**Housing Authority of Lafourche Parish
Schedule of Audit Adjusting Journal Entries
Fiscal Year Ending September 30, 2001**

	Debit	Credit
Replacement Reserve Escrow	48,841.61	
Hazard Insurance Escrow	4,061.50	
MIP Escrow	2,879.06	
Equity		55,783
MIP insurance cost	4,405	
Interest income—replacement reserve 198		
Insurance expense	21,382	
Reserve Replacement Expense		13,600
Correction of Errors		67,771

To record escrow account activity during the FYE.

Tenant revenue	6,824	
Other tenant charges		6,824

To reclassify an amount coded to tenant revenue
@ FYE to balance the general ledger to the rent register.

Operating Transfer In Buildings	146,178	146,178
Retained Earnings		146,178

To record an operating transfer
to City Place II from Low Rent
in order to improve fixed assets

**Housing Authority of Lafourche Parish
Schedule of Audit Adjusting Journal Entries
Fiscal Year Ending September 30, 2001**

CITY PLACE II HOUSING DEVELOPMENT CORPORATION AS OF 9-30-2001

The following audit adjusting journal entries are to recode the revenue and expense accounts from the REAC Public Housing Authority account coding to the REAC Multifamily account coding. The net annual surplus/deficit is unchanged.

FROM TO LINE #	DESCR PTION ACCOUNT #	AMOUNT
703	NET RENTAL REVENUE	296,773
5120	RENT REVENUE-GROSS POTENTIAL	312,675
5220	VACANCIES-APARTMENTS	22,726
704	TENANT REVENUE OTHER	7,627
715	OTHER REVENUE	3,407
5920	TENANT CHARGES	11,034
911	6330 ADMIN/MGR SALARIES	12,668
913	6320 MANAGEMENT FEE	12,500
913	6451 WATER	3,448
932	6450 ELECTRICITY	8,185
938	6451 OTHER UTIL/SEWER	1,149
961	6720 INSURANCE	10,176
974	6600 DEPRECIATION	122,578
967	6820 INTEREST	117,186
915 & 945	6711 EMPLOYEE BENEFITS/PR TAXES	6,255
943	6520 CONTRACT COST	35,980
941	6510 MAINT LABOR	6,929
942	6515 MAINT SUPPLIES	6,890
916	6390 OTHER ADMIN/MISC ADMIN	16,125

**Housing Authority of Lafourche Parish
Schedule of Audit Adjusting Journal Entries
Fiscal Year Ending September 30, 2001**

962 & 6590	OTHER GEN EXP/EXTRA ORDINARY	
671	MAINT/MISC MAINT	25,899

COMMUNITY DEVELOPMENT CORPORATION AS OF 12-31-2001

	Debit	Credit
Noncurrent Note Receivable-City Place II	4,313,389	
Noncurrent Accrued Interest		
Receivable—City Place II	105,934	
Equity		4,419,323
Interest Income		43,133
Beginning Equity		4,376,190
Noncurrent Note Receivable-City Place I	3,444,156	
Noncurrent Accrued Interest		
Receivable—City Place I	84,714	
Equity		3,528,870
Interest Income		34,441
Beginning Equity		3,494,429

The above is to record previously unrecorded second mortgage transactions. These are Upfront Grants from HUD passed through to two apartment developments as loans secured by second mortgages, 1% interest accrued annually, all due 40 years from inception.

**Housing Authority of the Parish of Lafourche
Schedule of Prior Audit Findings
Fiscal Year Ending September 30, 2001**

Schedule of prior audit findings:

Whereas the PHA's IPA audit as of 9-30-2000 had no findings, per the Single Audit Act, this audit firm is treating the HUD Office of Inspector General for Audit (OIG) report dated 4-5-2002 as prior audit findings. It is noted that, prior to our audit report, neither the PHA nor its component unit reported \$7,757,545 of Upfront Grant Program receipts from HUD as revenues. All of these grant revenues were received in prior audit periods.

The OIG report is briefly summarized as follows:

Overall, the purpose of the Upfront Grant Program is to "dispose of projects in a manner that will protect the financial interests of the federal government." ...and that the disposition "...must be the least costly among "reasonable alternatives"..."

In 1997 HUD foreclosed on and paid the balance of a HUD insured mortgage in the amount of \$3,348,409.

At the time of foreclosure, HUD provided Section 8 subsidy for all residents of the development

HUD demolished the existing apartments at a cost of \$2.2 million including holding costs.

HUD transferred the land to the PHA for \$10.

HUD provided the PHA with a \$7.7 million grant to help replace the demolished housing in the form of an Upfront Grant.

This grant passed through the PHA to the developer in the form of a non forgivable 2nd mortgage with terms including a 1% interest rate accrual-only, no payments due until the 1st mortgage is paid off in 40 years, then all principal and accrued interest due at once.

HUD also simultaneously provided FHA insurance for a 1st mortgage on the new development in the amount of \$7,598,100.

"Contrary to procurement regulations and the Grant Agreement, the authority's nonprofit corporation awarded the development contract to Miller & Associates after receiving only 1 proposal...Hence, the Authority did not obtain adequate development alternatives. Further, Miller & Associates sole-sourced the \$13.6

**Housing Authority of the Parish of Lafourche
Schedule of Prior Audit Findings
Fiscal Year Ending September 30, 2001**

million construction contract. The Authority contended they undertook all actions with HUD knowledge."

"Since the Authority did not comply with the procurement regulations in its selection of the developer, HUD has no assurance that the Authority obtained the best development proposal from the most experienced developer. This, combined with the fact that Miller & Associates did not use competition when awarding the construction contract, meant that neither the Authority nor Miller & Associates could provide assurance it spent the Grant in the most efficient or effective manner. Consequently, the Authority might have been able to build the units for less and thus, decreasing the rents. However, because HUD has confidence in the cost, we did not question the cost of the contract."

The above is a brief description of what is being treated as a prior audit finding. The PHA has had no subsequent activity similar to that addressed in the review therefore there is no issue of corrective action.

**Housing Authority of the Parish of Lafourche
 Schedule of Current Audit Findings And Questioned Costs
 Fiscal Year Ending September 30, 2001**

(continued)

Per A-133, Section 505(d)

1. Summary Schedule of Auditors Results:

- i. The report includes an unqualified opinion on the financial statements.
- ii. There were reportable conditions in internal controls found that are required to be disclosed at the financial statement level.
- iii. The audit disclosed noncompliance that is material to the financial statements.
- iv. Reportable conditions in internal control over major programs were disclosed by the audit.
- v. The compliance report issued for major programs was qualified.
- vi. The report disclosed audit findings required to be reported under Section 510a of A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

<u>CFDA#</u>	<u>Name of Program</u>
14.871	Housing Choice Vouchers
14.854	Public and Indian Housing Drug Elimination

- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- ix. The auditee was not considered a low risk auditee.

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

2. Finding relating to the financial statements required to be reported with GAGAS are as follows:

Finding Number 2001 - 1

Statement of Conditions – This audit is late per both State and Federal law.

Criteria – The PHA's annual audit is due within 6 months of the entities FYE per State law and within 9 months of FYE per Federal law.

Cause - The PHA did not adequately report any activities of 2 component units as well as a material bond issuance by the PHA. The CPA firm initially engaged to perform the audit eventually withdrew from the engagement very late in the process. This audit firm had to delay our audit work until the PHA's accountant recorded the omitted financials. When the financials were then completed there were material inaccuracies requiring scope increases which further delayed the audit report. This audit firm bears no responsibility for the late audit.

Effect – The PHA is in violation of both state and federal law.

PHA Response – See corrective Action Plan

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

Finding Number 2001 – 2

This finding relates to an apartment development acquired by the PHA during the fiscal year.

Statement of Conditions - The PHA exhibits a lack of internal controls in the following areas:

Board of Commissioners

- A) During the fiscal year the PHA purchased a 112 unit apartment development without an adequate appraisal for the acquired development. The appraisal utilized was done pre-construction and was completed using a limited calculation determined by the maximum amount of the loans available for the development.

Management

The financial statements for the apartment development acquired during the fiscal year were deficient in the following ways:

- B) The annual profit (loss) was reported not including all necessary components of profit (loss). As of the FYE, the profit reported by the management agent on a cash basis was \$56,672. The fee accountant later reported the profit as \$44,416. The audited financials considering all components of the operating statement report an annual loss of \$ (50,278). During the fiscal year management could not have been adequately monitoring the operations of the apartment development. The financial statements as recorded by the management agent did not include fixed assets, mortgages payable, and equity on the financial statements. The components left out of the balance sheet represent 202% of the audited component unit financial statements.

On the first day of the field work management considered \$4,408,539 of 2nd mortgage debt as a grant, not a repayable mortgage as recorded in the court house. During the course of the audit management agreed that this represents a valid 2nd mortgage

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

repayable out of surplus cash as defined by HUD. Per the terms of the upfront grant his 2nd mortgage is not forgivable.

The second mortgage interest expense accrual in the amount of \$18,995 was not recorded on the financials.

When the fiscal year closed the fee accountant did not report the component unit that owns and operates the apartment development in with the PHA's financials.

- C) Management was not aware of the annual audited financial statement reporting requirements relative to the GNMA security of the bond indebtedness and, therefore, may not have complied with those requirements.
- D) Management was not aware of the annual affordability certification requirements of the Upfront/Disposition Grant requirements and did not comply with them.
- E) In previous fiscal years the PHA's financials did not include a 2nd component unit which passed through \$7,757,545 of HUD grants.
- F) The two (2) second mortgage notes totaling \$7,757,545 as filed at the courthouse are unsigned by the borrower.
- G) The bonds issued during the fiscal year were eventually recorded as a liability on the balance sheet of a component unit but not on the PHA's. Proper accounting does not include any recordation of the bond debt on the balance sheet of the component unit. Audit adjusting journal entries properly recorded the bond liability on the balance sheet of the PHA (issuer). As well, the audit AJE's recorded the offsetting asset of the GNMA security. The amount of each entry was \$4,350,773.
- H) The PHA did not realize that the component units financials required a stand alone audited internet submission to HUD REAC within 60 days of the FYE.
- I) The 112 unit apartment fixed assets exclusive of land cost is recorded at \$8,333,375. Property insurance coverage has a limit of \$7,050,759. The development is under insured by \$1,282,616.

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

- J) The PHA has 2 component units that are Non Profit Corporations per section 501 (c) (3) of the Internal Revenue Code. These entities failed to file required annual forms with the IRS.

Criteria - All levels of the PHA should exhibit adequate internal controls. This includes the Board of Commissioners setting policy and properly evaluating major transactions, managements ecuring training for any program new to the PHA, and the fee accountant ensuring that they possess adequate knowledge to postt ransactions and properly reportf or the accounting for all PHA programs.

Effect:

- A) The PHA acquired an apartment development that may not prove to be financially viable.
- B) Management did not have all of the tools available during the year to properly mange the property.
- C) The PHA may not have complied with the annual reporting requirements of the GNMA guarantee oft he bonded indebtedness.
- D) The PHA did notc omply with the annual certification requirements relative to affordability oft he Upfront/Disposition Grant.
- E) In previous fiscal years \$7,757,545 of HUD grants were notr eported as revenue.
- F) It is unclear whate ffect the second mortgages being unsigned by the borrower is, however,t his deficiency has still not been cured.
- G) The financials of the componentun it included overstated liabilities of \$4,350,773. The assets of the PHA were understated by \$8,210,797. The liabilities of the PHA were understated by \$4,350,773.
- H) The component units FYE audited stand alone submission was not completed timely per HUD regulation.

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

I) The 112 unit apartment development is under insured by \$1,282,616.

J) The PHA has not complied with IRS regulations.

PHA Response – See corrective Action Plan

Finding Number 2001 – 3

This finding relates to general internal control functions of the PHA itself.

Statement of Conditions –

A) During the fiscal year checks cleared the PHA's Housing Assistance Payments (HAP) bank account prior to being recorded on the general ledger 5 months out of 12 months. 24 checks cleared the bank in this manner in the total amount of \$22,894 prior to the checks being properly recorded.

B) During prior fiscal years the PHA acquired 3 parcels of land from HUD for \$10.00. An appraisal after FYE determined the market value as \$289,000.

C) During the entire fiscal year no investment activity was conveyed to the fee accountant. The fee accountant used flawed documentation and flawed reasoning @ FYE to adjust the investment account balance and interest income.

D) Fixed asset reporting in the amount of \$237,568 were double reported. As well, this affected depreciation reporting.

E) The PHA overran it's Low Rent operating budget by more than 5% in the following expense categories and by the following overrun amounts:

Administrative – Sundry	\$9,124
Compensated Absences	\$8,229
Employee Benefit Contributions	\$7,020
Collection Losses	\$16,802
Casualty Losses	<u>\$2,158</u>
<i>Total</i>	\$43,333

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

Criteria -

- A) The PHA should possess adequate internal controls to ensure that all checks written be recorded in a timely manner.
- B) Donations/acquisitions should be recorded at market.
- C) Investment account activity and all revenues should be reported to the fee accountant to ensure proper accounting.
- D) Fixed assets should be properly documented and reported.
- E) Per State law, the PHA should not overrun it's operating budget by more than 5% in any one expense category.

Effect -

- A) The PHA did not adequately control cash expenditures.
- B) The PHA's financials understated land assets by \$289,000.
- C) At FYE, the investment accounts were understated by \$146,156. Interest income was understated by \$13,589. During the fiscal year the PHA received \$144,474 of casualty insurance proceeds that went totally unrecorded.
- D) Entity wide fixed assets were overstated by \$237,568.
- E) The PHA violated State budgeting law.

PHA Response – See corrective Action Plan

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

3. Findings and questioned costs for Federal awards as defined in A-133, Section 510a all with HUD oversight:

The auditor considers all these findings to be applicable both under GAS as well as A-133, therefore we are repeating the same findings under this section.

FINDING 2001-1A

Name of Program:

Low Rent Program, Public Housing Drug Elimination Program, Section 8 Housing Choice Vouchers, Capital Fund Program, Comprehensive Grant Program, FHA Insurance Program

Identification Number: F W-1297

CFDA Number: 14.850a, 14.854, 14.871, 14.872, 14.859, 14.135

Federal Award Number and Year: 2001

Name of Federal Agency: HUD

Name of Pass thru Entity: None

Criteria— The PHA's annual audits due within 6 months of the entities FYE per State law and within 9 months of FYE per Federal law.

Condition— This audit is late per both State and Federal law.

Cause—The PHA did not adequately report any activities of 2 component units as well as a material bond issuance by the PHA. The CPA firm initially engaged to perform the audit eventually withdrew from the engagement very late in the process. This audit firm had to delay our audit work until the PHA's accountant recorded the omitted financials. When the financials were then completed there were material inaccuracies requiring scope increases which further delayed the audit report. This audit firm bears no responsibility for the late audit.

Effect—The PHA is in violation of both State and Federal law.

PHA Response—See corrective action plan.

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

FINDING 2001-2A

This finding relates to an apartment development acquired by the PHA during the fiscal year.

1. Name of Program:F HA Insurance Program
Name of Federal Agency:H UD
Federal Award Number and Year: 2001
CFDA Number:1 4.135
Project Number 064-35326
FHA Insurance – National Housing Act, Section 221 (D) (4)
2. Criteria—All levels of the PHA should exhibit adequate internal controls. This includes the Board of Commissioners setting policy and properly evaluating major transactions, management securing training for any program new to the PHA, and the fee accountant ensuring that they possess adequate knowledge to post transactions and properly report for the accounting for all PHA programs.
3. Condition—The PHA exhibits a lack of internal controls in the following areas:

Board of Commissioners

A) During the fiscal year the PHA purchased a 112 unit apartment development without an adequate appraisal for the acquired development. The appraisal utilized was done pre-construction and was completed using a limited calculation determined by the maximum amount of the loans available for the development.

Management

The financial statements for the apartment development acquired during the fiscal year were deficient in the following ways:

B) The annual profit (loss) was reported not including all necessary components of profit (loss). As of the FYE, the profit reported by the management agent on a cash basis was \$56,672. The fee accountant later reported the profit as \$44,416. The audited financials considering all components of the operating statement

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

report an annual loss of \$(50,278). During the fiscal year management could not have been adequately monitoring the operations of the apartment development.

The financial statements as recorded by the management did not include fixed assets, mortgages payable, and equity on the financial statements. The components left out of the balance sheet represent 202% of the audited component unit financial statements.

On the first day of the field work management considered \$4,408,539 of 2nd mortgage debt as a grant, not a repayable mortgage as recorded in the courthouse. During the course of the audit management agreed that this represents a valid 2nd mortgage repayable out of surplus cash as defined by HUD. Per the terms of the upfront grant this 2nd mortgage is not forgivable.

The second mortgage interest expense accrual in the amount of \$18,995 was not recorded on the financials.

When the fiscal year closed the fee accountant did not report the component unit that owns and operates the apartment development in with the PHA's financials.

C) Management was not aware of the annual audited financial statement reporting requirements relative to the GNMA security of the bond indebtedness and, therefore, may not have complied with those requirements.

D) Management was not aware of the annual affordability certification requirements of the Upfront/Disposition Grant requirements and did not comply with them.

E) In previous fiscal years the PHA's financials did not include a 2nd component unit which passed through \$7,757,545 of HUD grants.

F) The two (2) second mortgage notes totaling \$7,757,545 as filed at the courthouse are unsigned by the borrower.

G) The bonds issued during the fiscal year were eventually recorded as a liability on the balance sheet of a component unit but not on the PHA's. Proper accounting does not include any recordation of the bond debt on the balance sheet of the

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

component unit. Audit adjusting journal entries properly recorded the bond liability on the balance sheet of the PHA (issuer). As well, the audit AJE's recorded the offsetting asset of the GNMA security. The amount of each entry was \$4,350,773.

H) The PHA did not realize that the component units financials required a stand alone audited internet submission to HUD REAC within 60 days of the FYE.

I) The 112-unita partment fixed assets exclusive of land cost is recorded at \$8,333,375. Property insurance coverage has a limit of \$7,050,759. The development is under insured by \$1,282,616.

J) The PHA has 2 component units that are Non Profit Corporations per section 501 (c) (3) of the Internal Revenue Code. These entities failed to file required annual forms with the IRS.

CAUSE—The PHA's Board of Commissioners as well as the PHA's management did not possess adequate knowledge of programs new to the PHA including FHA insured loans, GNMA guaranteed bonded indebtedness, Upfront/Disposition Grants and component units.

EFFECT:

A) The PHA acquired an apartment development that may not prove to be financially viable.

B) Management did not have all of the tools available during the year to properly manage the property.

C) The PHA may not have complied with the annual reporting requirements of the GNMA guarantee of the bonded indebtedness.

D) The PHA did not comply with the annual certification requirements relative to affordability of the Upfront/Disposition Grant.

E) In previous fiscal years \$7,757,545 of HUD grants were not reported as revenue.

F) It is unclear what effect the second mortgages being unsigned by the borrower is, however, this deficiency has still not been cured.

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

G) The financials of the component unit included overstated liabilities of \$4,350,773. The assets of the PHA were understated by \$8,210,797. The liabilities of the PHA were understated by \$4,350,773.

H) The component units FYE audited stand alone submission was not completed timely per HUD regulation.

I) The 112 unit apartment development is under insured by \$1,282,616.

J) The PHA has not complied with IRS regulations.

Perspective information – The PHA's assets and liabilities total \$30,313,732. The balance sheet amounts unreported/underreported total \$16,874,959.

PHA Response – See Corrective Action Plan

FINDING 2001-3A

This finding relates to general internal control functions of the PHA itself.

Name of Program: Low Rent Program, Housing Choice Vouchers,
Comprehensive Grant Program, Capital Fund Program

Identification Number: F W-1297

CFDA Number: 14.850a, 14.854, 14.871, 14.872, 14.859

Name of Federal Agency: HUD

Name of Pass thru Entity: None

Criteria—

A) The PHA should possess adequate internal controls to ensure that all checks written be recorded in a timely manner.

B) Donations/acquisitions should be recorded at market.

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

C) Investment account activity and all revenues should be reported to the fee accountant to ensure proper accounting.

D) Fixed assets should be properly documented and reported.

E) Per State law, the PHA should not overrun it's operating budget by more than 5% in any one expense category.

Condition—

A) During the fiscal year checks cleared the PHA's Housing Assistance Payments (HAP) bank account prior to being recorded on the general ledger 5 months out of 2 months. 24 checks cleared the bank in this manner in the total amount of \$22,894 prior to the checks being properly recorded.

B) During prior fiscal years the PHA acquired 3 parcels of land from HUD for \$10.00. An appraisal after FYE determined the market value as \$289,000.

C) During the entire fiscal year no investment activity was conveyed to the fee accountant. The fee accountant used flawed documentation and flawed reasoning @ FYE to adjust the investment account balance and interest income.

D) Fixed asset reporting in the amount of \$237,568 were double reported. As well, this affected depreciation reporting.

E) The PHA overran it's Low Rent operating budget by more than 5% in the following expense categories and by the following overrun amounts:

Administrative – Sundry	\$9,124
Compensated Absences	\$8,229
Employee Benefit Contributions	\$7,020
Collection Losses	\$16,802
Casualty Losses	<u>\$2,158</u>
<i>Total</i>	\$43,333

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

Effect—

- A) The PHA did not adequately control cash expenditures.
- B) The PHA's financials understated land assets by \$289,000.
- C) At FYE, the investment accounts were understated by \$146,156. Interest income was understated by \$13,589. During the fiscal year the PHA received \$144,474 of casualty insurance proceeds that went totally unrecorded.
- D) Entity wide fixed assets were overstated by \$237,568.
- E) The PHA violated State budgeting law.

Cause—

- B) Neither management nor the fee accountant understood proper GAAP accounting treatment of this donation/acquisition transaction.
- C) The monthly statements of the money market and CD investments were not provided to the fee accountant. At FYE, the fee accountant used flawed assumptions to adjust the investment balances and interest earned during the fiscal year.
- D) The accountant mistakenly included the 1998 Comprehensive Grant Program fixed assets in the amount of \$237,568 in both the Low Rent column as well as in the Comprehensive Grant Program column.
- E) The PHA staff did not adequately monitor budget versus actual expenses during the fiscal year.

Perspective Information—

Housing Authority of the Parish of Lafourche
Schedule of Current Audit Findings And Questioned Costs
Fiscal Year Ending September 30, 2001
(continued)

A) During the fiscal year the PHA recorded HAP expenditures in the amount of \$742,559.

B) Entity wide, land was reported at \$694,394.

C) Total investments @ FYE were reported totaling \$254,685.

D) Entity wide fixed assets @ FYE were reported at \$11,924,025.

E) Low Rent expenditures during the fiscal year totaled \$833,977.

PHA Response – See Corrective Action Plan

**Housing Authority of the Parish of Lafourche
Schedule of Corrective Action Plan
Fiscal Year Ending September 30, 2001**

Finding Number 2001 – 1 and 2001 – 1a

Corrective action plan

Person Responsible—Beryl Pitre

Anticipated completion date—September 30, 2002

Action Planned: We will provide a complete audit RFP for the audit of FYE 9-30-2002. We will have our accountant provide timely, accurate and complete financials including all component units and material account balances.

Finding Number 2001 – 2 and 2001 – 2a

Corrective Action Plan

Person responsible – Board of Commissioners and Beryl Pitre

Anticipated Completion Date: 9/30/2002

Action Planned

We attended a training course on Public Housing Accounting
In June, 2001.

We will use the audit finding as a blue print for utilizing adequate internal controls.

We will have the fee accountant correctly record financial transactions as of and for FYE 9/30/02.

**Housing Authority of the Parish of Lafourche
Schedule of Corrective Action Plan
Fiscal Year Ending September 30, 2001**

Finding Number 2001 – 3 and 2001 – 3a

Corrective Action Plan

Person responsible – Beryl Pitre

Anticipated Completion Date: 9/30/2002

Action Planned

The PHA discovered that the Section 8 and Public Housing monthly financial records were not being submitted to the fee accountant at the same time each month, thereby creating a problem with the recording of HAP checks. The PHA corrected this situation three months ago and since then is submitting all financial documents for both the Public Housing & Section 8 programs for each month at the same time.

We will use the audit finding as a blue print for utilizing adequate internal controls.

We will have the fee accountant correctly record financial transactions as of and for FYE 9/30/02.

FORM SF-SAC (3-20-2001)

U.S. DEPT. OF COMM. - Econ. and Stat. Admin. - U.S. CENSUS BUREAU ACTING AS COLLECTING AGENT FOR OFFICE OF MANAGEMENT AND BUDGET

Data Collection Form for Reporting on AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS for Fiscal Year Ending Dates On or After January 1, 2001

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

FEDERAL Audit Clearinghouse 1201 E. 10th Street Jeffersonville, IN 47132

PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal period ending date for this submission: Month 09 / Day 30 / Year 2001. Fiscal Period End Dates Must Be On or After January 1, 2001. 2. Type of Circular A-133 audit: 1 [X] Single audit 2 [] Program-specific audit. 3. Audit period covered: 1 [X] Annual 2 [] Biennial 3 [] Other - Months. 4. Date received by Federal clearinghouse. FEDERAL GOVERNMENT USE ONLY

5. Employer Identification Number (EIN) a. Auditee EIN: 7 2 0 5 7 3 7 9 1. b. Are multiple EINs covered in this report? 1 [] Yes 2 [X] No. If Part I, Item 5b = "Yes," complete Part I, Item 5c (Complete the continuation sheet on Page 4)

6. AUDITEE INFORMATION a. Auditee name: HOUSING AUTHORITY OF LAFOURCHE PARISH. b. Auditee address (Number and street): PO BOX 499, City: RACELAND, State: LA, ZIP + 4 Code: 7 0 3 9 4. c. Auditee contact Name: BERYL PITRE, Title: EXECUTIVE DIRECTOR. d. Auditee contact telephone: (800) 527 - 2793. e. Auditee contact FAX (Optional): (985) 537 - 5322. f. Auditee contact E-mail (Optional)

7. AUDITOR INFORMATION (To be completed by auditor) a. Auditor name: WILLIAM MCCASKILL. b. Auditor address (Number and street): 5150 HIGHWAY 22, SUITE C15, City: MANDEVILLE, State: LA, ZIP + 4 Code: 7 0 4 7 1. c. Auditor contact Name: DANNY MCCASKILL, Title: PARTNER. d. Auditor contact telephone: (985) 845 - 7772. e. Auditor contact FAX (Optional): (985) 845 - 1313. f. Auditor contact E-mail (Optional)

9. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

Signature of certifying official: Beryl Pitre, Executive Director. Date: 9 / 19 / 02

9. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 8, 9, and 10, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is not a substitute for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of auditor: [Signature]. Date: 9 / 19 / 02

PART I GENERAL INFORMATION - Continued

8. Did the auditee expend more than \$25,000,000 in Federal awards during the fiscal year? (Mark (X) one box)
1 Yes - Identify Cognizant Agency in Part I, Item 9 2 No - SKIP to Part II, Item 1

9. Indicate which Federal awarding agency provided the predominant amount of direct funding in fiscal year 2000. (Mark (X) one box) However, if cognizance has been reassigned, see instructions.

- | | | | |
|--|---|---|---|
| 02 <input type="checkbox"/> Agency for International Development | 81 <input type="checkbox"/> Energy | 14 <input type="checkbox"/> Housing and Urban Development | 47 <input type="checkbox"/> National Science Foundation |
| 10 <input type="checkbox"/> Agriculture | 66 <input type="checkbox"/> Environmental Protection Agency | 15 <input type="checkbox"/> Interior | 20 <input type="checkbox"/> Transportation |
| 11 <input type="checkbox"/> Commerce | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | <input type="checkbox"/> Other - Specify: |
| 12 <input type="checkbox"/> Defense | 93 <input type="checkbox"/> Health and Human Services | 17 <input type="checkbox"/> Labor | |
| 84 <input type="checkbox"/> Education | | | |

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)
1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No

3. Is a reportable condition disclosed? 1 Yes 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness? 1 Yes 2 No

5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance
1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending greater than \$300,000 in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA SOP 98-3 chapter 10) 1 Yes 2 No

3. What is the dollar threshold to distinguish Type A and Type B programs? (\$ ____ .520(b)) \$ 300,000

4. Did the auditee qualify as a low-risk auditee? (\$ ____ .530) 1 Yes 2 No

5. Is a reportable condition disclosed for any major program? (\$ ____ .510(a)(1)) 1 Yes 2 No - SKIP to Item 7

6. Is any reportable condition reported as a material weakness? (\$ ____ .510(a)(1)) 1 Yes 2 No

7. Are any known questioned costs reported? (\$ ____ .510(a)(3) or (4)) 1 Yes 2 No

8. Was a Summary Schedule of Prior Audit Findings prepared? (\$ ____ .315(b)) 1 Yes 2 No

9. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)

- | | | | |
|--|--|---|--|
| 02 <input type="checkbox"/> Agency for International Development | 83 <input type="checkbox"/> Federal Emergency Management Agency | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 98 <input type="checkbox"/> Social Security Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 69 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 23 <input type="checkbox"/> Appalachian Regional Commission | 93 <input type="checkbox"/> Health and Human Services | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 11 <input type="checkbox"/> Commerce | 14 <input checked="" type="checkbox"/> Housing and Urban Development | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 03 <input type="checkbox"/> Institute for Museum Services | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 12 <input type="checkbox"/> Defense | 15 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 84 <input type="checkbox"/> Education | 16 <input type="checkbox"/> Justice | 69 <input type="checkbox"/> Small Business Administration | 00 <input type="checkbox"/> None |
| 81 <input type="checkbox"/> Energy | 17 <input type="checkbox"/> Labor | | <input type="checkbox"/> Other - Specify: |
| 66 <input type="checkbox"/> Environmental Protection Agency | 09 <input type="checkbox"/> Legal Services Corp | | |

Each agency identified is required to receive a copy of the reporting package.

In addition, one copy each of the reporting package is required for:

- the Federal Audit Clearinghouse archives
- and, if not marked above, the cognizant agency (if identified in Part I, Item 9)

Count total number of boxes marked above and submit this number of reporting packages

FEDERAL PROGRAMS - Continued (Page 3 - #1 of 1)

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR		11. AUDIT FINDINGS						
Federal Agency Prefix ¹	CFDA Number (a) Extension ²	Research and development (b) 1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	Name of Federal program (c)	Amount expended (d)	Direct award (e) 1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	Major program (f) 1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	Type(s) of compliance requirement(s) ³ (a)	Audit finding reference number(s) ⁴ (b)
1 4	.850A	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LOW RENT HOUSING	\$ 372,855 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LC	1A,3A
1 4	.854	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	DRUG ELIMINATION PROGRAM	\$ 51,161 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	L	1A
1 4	.859	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	COMPREHENSIVE GRANT PROGRAM	\$ 473,786 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LC	1A,3A
1 4	.871	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	HOUSING CHOICE VOUCHERS	\$ 850,317 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	LC	1A,3A
1 4	.872	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CAPITAL FUND PROGRAM	\$ 55,818 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	LC	1A,3A
1 4	.135	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FHA MORTGAGE INSURANCE	\$ 0 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FKL	2A
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
		1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$.00	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		
TOTAL FEDERAL AWARDS EXPENDED				\$ 1,803,937 .00				

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.
² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)
³ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.
A. Activities allowed or unallowed F. Equipment and real property management K. Real property acquisition and relocation assistance O. None
B. Allowable costs/cost principles G. Matching, level of effort, earmarking L. Reporting
C. Cash management H. Period of availability of Federal funds M. Subrecipient monitoring
D. Davis - Bacon Act I. Procurement and suspension and debarment N. Special tests and provisions
E. Eligibility J. Program income
⁴ N/A for NONE