

Audit Report No. 2.
Period: 4-1-52 to 6-30-53.

H/A of the City of Caldwell
Caldwell, Idaho

Contract: (IDA-LS-36-S)-2.
Project: LS-36.

DISCUSSION MEETING ON AUDIT FINDINGS

Discussion meeting on audit findings was held at the Central Office of the Housing Authority of the City of Caldwell, Caldwell, Idaho, located at 811 Main Street, at 1:00 PM, October 7, 1953, and was attended by the following persons:

Charles Bryant, Farm Labor Camp Manager.
Keith W. Perino, Accountant.
E. H. Willis, Auditor, HHA.

The following audit findings were presented and replies made by the Authority personnel.

1. Finding. In Board meeting of 12-9-52 the Board authorized the Secretary to discuss a rent adjustment with the operators of the store and bar at the Farm Labor Camp. The Minutes of subsequent meetings disclosed nothing further regarding this matter but in February 1953 a rent adjustment of \$140.00 was applied to the store account, same being a reduction from \$50.00 per month to \$15.00 per month for the period 11-1-52 through 2-28-53. Likewise a rent adjustment of \$100.00 was credited to the Bar account, same being a reduction from \$50.00 per month to \$25.00 per month for the period 11-1-52 to 2-28-53. Official action should have been taken by the Board to authorize these adjustments and leases with operators should have been arranged to agree with new schedule of rentals agreed upon.

Reply. Official action was taken by the Board in discussions during meeting authorizing the above rent adjustments but was not written up in minutes. Adjustments were granted due to the fact that the store closed during the period covered by the adjustment and the adjustment on the Bar was given for the reason that tenancy in the project was greatly reduced.

2. Finding. Files and records did not disclose that formal lease has been executed with the operator of the Store at the Farm Labor Camp. A lease should be executed to cover period from inception of the operation.

Reply. A lease will be procured.

3. Finding. The examination disclosed that Miscellaneous Income of the Project had been credited to expense instead of being recorded as income. All income should be reflected as such and not applied to reduce expenses.

Reply. All items of income will be so classified in the future.

4. Finding. The analysis of the Prepaid Insurance disclosed that the full amount of premiums for Workmen's Compensation Insurance, Fidelity Bonds, Public Liability on Fire, Flood and Burglary and Robbery coverage at the Central Office had all been charged ~~to~~ and paid from Farm Labor Camp funds and that the Chamber of Commerce had not been charged with their proportionate 1/3 share of this overall Authority

Audit Discussion Findings - H/4 of the City of Caldwell, Idaho - 2

coverage, which is also applicable to their relinquished Title V Project. The Chamber of Commerce's applicable portion of the above insurance coverage, amounting to \$103.56, has been set up as a receivable on the books of the Farm Labor Camp and care should be exercised to see that premiums are properly allocated in the future.

Reply. Premiums will be prorated on applicable basis in the future.

5. Finding. The examination disclosed that the costs of replacing some items lost in the fire which destroyed the shop building, and the moving of a shed building to replace the shop, amounting to \$622.13, had been charged to regular operating accounts. Accounting procedure provides special classification for this type of costs and proper adjustments were made to correct classification. Care should be exercised to effect proper classification of expenses.

Reply. Classification of expenses will be followed more closely in the future.

6. Finding. The examination disclosed that deficiencies in personal property records as brought out in the prior audit had not been corrected as was indicated by reply in prior audit discussion meeting. The auditor was informed that a physical inventory had been taken, and work papers were available to substantiate this fact, but actual inventory report and the establishment of property cards had not yet been accomplished. This deficiency in property records at time of last audit was reported by the LHA as having been corrected by their letter of January 31, 1953, as indicated by FIA letter of Feb. 13, 1953 contained in audit exception folder, clearing the exception. However the LHA letter of Jan. 31, 1953 referred to above, could not be located in the LHA files nor could property cards be located. Work sheets covering Capitalized Property were located and quarterly reports of Capitalized Property had been made up to and including Dec. 31, 1952. Personal Property procedure as prescribed by FIA should be instituted and maintained.

Reply. A physical inventory will be taken as soon as the camp is closed down for the season and records will be established and maintained in accordance with FIA procedures.

7. Finding. The examination disclosed that no control had been maintained between the General Ledger control accounts for Tenants Accounts Receivable, and Tenants Security Deposits and the individual tenants ledger cards. The Recapitulation of Daily Statements of Operation as maintained reflected Tenants Accounts Receivable which agreed with the General Ledger control but this balance did not represent balances as reflected on the individual tenants ledger cards. The latest trial balance of tenants ledger cards which could be located was for the month of May 1951, which agreed with the General Ledger Control. Rent Roll and Rent Roll Control records were outlined for

Audit Discussion Meeting - P/A of the City of Caldwell, Idaho - 3

was in maintaining control between General Ledger and Tenants Accounts and Security Deposits.

Reply. Controls as outlined have been established and will be maintained.

C. Payroll. Sufficient payroll data is not being maintained for proper verification of earnings, leave earnings and leave taken. As time reports were maintained for monthly employees and no records, other than that reflected on the payroll vouchers, were maintained to reflect deductions made from employees. It is recommended that payroll time sheets be maintained for monthly employees, as is now being used for hourly employees, and that individual earnings records be maintained to reflect earnings and deductions, as well as reflecting leave earned and taken.

Reply. Payroll records as outlined will be maintained.

D. Payroll. The records disclosed that Tenants Accounts Receivable at 6-30-52 were \$334.69 and at 6-30-53 they were \$511.74. These amounts appear an excessive for this size operation and efforts should be made to reduce the amounts owing and to effect better collections in the future.

Reply. Part of the above receivables accumulated during the tenure of prior Project Manager and as the whereabouts of these tenants are unknown, the being of the migratory farm labor class, the only solution to see as practical is to write off these accounts to collection loss upon authorization by the Board. The present management will endeavor to hold tenants accounts to a minimum.

Signed:

E. M. Willis
E. M. Willis, Auditor

Signed:

Charles E. Bryant
Charles E. Bryant, General Manager

John A. Carino
John A. Carino, Accountant

LHA ✓
Audit #1
Period: 1/1/51-3/31/52

HOUSING AUTHORITY OF THE CITY OF
SALEMBURY, IOWA

LC-38

Discussion of Audit Findings Held in
Meeting, March, July 16, 1952

In attendance were: LHA: Messrs Wright, Stuart, Ott and Perkins
PHA: Blum

1. Findings The audit disclosed that duplicate records were being kept to record Tenant account transactions, in addition to the required Tenant's Ledger Cards, a work sheet control by unit number listing all transactions by weeks was being maintained. By observation it was noted that the main anchor to determine dates of "check in" or "check out" were the money value represented by the cash receipt, is, after the work sheet was prepared, by unit, the ledger cards were posted to conform. The auditor did not concur with this approach to the problem.

A physical inspection of units was made after the work sheets for the week ending June 27th were in the process of being prepared, and the method of approach had been observed. The physical inspection produced a listing of all vacant units, inversely and by observation substantiating the units occupied. In completion of the work sheet for the week, comparison was made with the physical inspection report held by the auditor, it being brought to light that 11 Fox-Chalter units were occupied but not a matter of record in the controlling work sheet, prepared by LHA. To further complicate ascertaining the numbers of the units involved, the LHA records did not have unit designations for 44 units under contract to the Lotus Farm Labor Group, the sponsoring organization.

The auditor's opinion is that no tight control can be established unless there is a adequate physical control of the units occupied or vacant and that the Tenant's Ledger cards be posted daily and currently and reconciled to the results of physical inspections and that it is absolutely essential to control the units, by number, assigned to the Lotus or other groups held liable for collection of rent. Complete revision of Tenant accounting procedure is recommended.

Reply: The deficiencies noted above are now acknowledged and procedure will be instituted along the lines of verbal recommendations you have already given us, such as making a complete physical inspection of all units each Monday, Wednesday and Friday, using the physical inspection sheet which requires only a check mark to produce the information of occupied or vacant units as desired. We will also use the weekly "check in" and "check out" stencil form as recommended and will take immediate steps to control the book work by means of current postings of the Tenant's Ledger cards. By using this cross-check, variations will be established and immediately followed thru to a satisfactory explanation and correction of records.

You are aware of the fact that 10 of the 11 units determined by your physical check as being occupied were located and proper rent charges set up in the books, leaving only 1 unit still unaccounted for. Every effort will be made to get this part of our problem under control.

2. Finding:

During the course of reconciling the trial balance of Security Deposit accounts it was found that cash refunds to vacated tenants made during the period Sept-Nov 1951 were not reimbursed by check voucher until April 2, 1952, subsequent to the period under audit. The general ledger as at March 31, 1952, therefore did not reflect these refunds amounting to \$ 85.00. Appropriate adjustment was made for purposes of audit.

Reply:

Acceptance of your verbal recommendation to reimburse such cash refunds more frequently and as at the close of an accounting period will correct this discrepancy, and prevent recurrence.

3. Finding:

In comparing the actual expenditures with provisions of budget it was noted that an over-run in the amount of \$ 1,122.92 occurred in Management Expense. Following is the comparison:

	a/c 4100
Actual Expense	\$ 10,322.92
Budget Provision	8,200.00
Over-run	\$ <u>1,122.92</u>

PHA's field office has requested your justification for this over expenditure of limitation, but your files did not disclose such justification.

Reply:

The over-run was occasioned mainly by using Administrative personnel to actually perform Rehabilitation work and travel involved in hauling surplus assigned to this operation. PHA's field office ruled that administrative expense could not be charged to Rehabilitation Expense. Subsequently reconsideration on the part of PHA to this problem and permission to transfer an equitable charge from Management to Rehabilitation expenses has been given. This will be accomplished during the quarter ending June 30, 1952, and any net over-run after such transfer will be considered as reimbursable by LHA.

4. Finding:

After transfer of Irrigation Maintenance costs from R M & R to Utilities, Shelter Rent

was also affected reducing the proper amount of PILOT accruals. After adjustment of this afore-mentioned item and several other minor corrections, accruals were reduced in an amount of \$ 66.67. This brings up the point of actual payments made by your Authority to School Districts as taxes paid in lieu. Comparison with the revised accruals and the actual payments made shows an overpayment to School District #132 in an amount of \$ 20.36 calculated as follows:

LHA's Accrual for calendar year 1951	\$ 2,217.76
Auditor's adjustment, as above	(66.67)
Adjusted Accrual	2,151.09
Total Actual Payments To School Districts	2,171.39
Over-Payment	\$ 20.36

In accordance with the above, the auditor has corrected the Accrued PILOT account and has established a receivable from School District # 132 in the amount of \$ 20.36 which you are asked to deduct from your next payment to them.

Reply:

The above outlined arrangement is satisfactory.

5. Findings:

In connection with item 4 above mention of Irrigation Maintenance Assessment, charged in your records to R & R is made. It is my understanding that the PHA field office is of the opinion that this cost is properly classified as a proper charge to Utilities. The auditor processed an adjustment of \$ 605.25 as a transfer from R & R to Utilities in this premise, thereby reducing the value of shelter rent in like amount and PILOT limitation reduced in the amount of \$ 60.53 (10% of Shelter Rent). Acceptance of these adjustments by LHA is requested.

Reply:

This authority has presented its side of the case with to PHA previously and concludes that PHA's wishes will be adhered to. Acceptance of the above adjustments is therefore made.

6. Findings:

In effecting reconciliation of Tenants' Accounts Receivable with the general ledger control account it was noted that a shortage of \$ 5.04 in receivables compared to the control value was also noted by LHA as a reconciling factor. Since the reason for this shortage is unknown and you have stated that it is a carry-over from last seasons' operations, the auditor processed an adjustment, reducing the general ledger control account and recording it in the subsequent audit report as a sundry receivable subject to

proper clearance by IHA.

Reply:

The above noted adjustment will be entered in our books of account and proper action for clearance taken.

7. Finding:

Analysis of Insurance disclosed an overcharge to the Labor Camp on policy CH-34516, in an amount of \$ 24x 98.08, made at the time of transferring prepaid values pertinent to commencement of operation under the purchase and sales contract with PHA, effective date January 1, 1951. This amount has been set up as receivable from IHA by means of audit adjustment. Acknowledgement of IHA's liability is requested.

Reply:

The error, now that it has been called to our attention, was inadvertent and IHA will repay the labor camp in liquidation of the amount established as receivable.

8. Finding:

Physical check of property could only be made on items located at the offices, shops and grounds since no location records are maintained. Forms for the purpose of showing location and transfer of location were on hand but they have not as yet been put to use. There was therefore an absence of record available of property stored in warehouses and inversely of property assigned to units. The physical check disclosed that property is interchanged with other locally owned property and it was also verified in the instances required by audit that items had been loaned out to other local branches of Government. A minimum requirement would demand a complete ~~xxxx~~ record of locations including the locations of items on loan.

Reply:

Correction of these deficiencies will be made immediately. Some delay has been occasioned by the demands of the Rehabilitation program, but since that is now practically complete, we will be able to give matters such as this our undivided attention.

9. Finding:

In a matter of information it is here noted that during the period under audit social security deductions were made from employees but the amounts were refunded. Assumption is made that there must have been some complication preventing IHA's participation as in retirement benefits.

Reply: The state of Idaho has enabling legislation which permits certain departments of government to participate but a ruling expressly excludes employers of housing authorities. It is understood that another attempt will be made in next legislature to clear the road for participation and our Authority is giving no consideration to any retirement plan until the pending state action is decided.

Concurred in By:

Telfer Wright

Executive Director

A. W. Blumar

Auditor - PHA

✓ = h
= order
✓ = have
order
75-SF-1036 - Statement + Certificate
75-SF-1036 - 7 Award
PUBLIC HOUSING ADMINISTRATION
HOUSING AND HOME FINANCE AGENCY WASHINGTON 25, D. C.

CIRCULAR
9-17-51

TO: Central Office Division and Branch Heads ✓
Field Office Directors
Chiefs, Field Office Personal Property Sections
Chiefs, Field Office Disposition Sections
Housing Managers
Local Authorities Managing Leased Projects
Farm Labor Camp Operators ✓

SUBJECT: Capitalization of Personal Property

1. Background and Purpose. The Budget and Accounting Procedures Act of 1950, makes the Comptroller General of the United States responsible for judging the adequacy of the property accounting practices of the executive agencies. To establish an acceptable property accounting system, it has been determined that the original cost of non-expendable personal property which meets the criteria for a capital asset shall be placed on the books of account by the Fiscal Branch. In developing a procedure for capitalizing the personal property assets, the PHA has attempted to keep at a minimum the project workload as well as the cost of maintaining reasonable and adequate fiscal accountability. The purpose of this Circular is (a) to define which items of personal property are to be classified as capital assets, (b) to establish procedures for capitalizing such assets, (c) to coordinate fiscal accountability with the present physical accountability requirements, and (d) to provide for an initial report and for the first quarterly report on capital assets. Existing policy and procedure for physical accountability, which are not changed by this Circular, shall remain in effect.
2. Scope of the Capitalization Program. The procedure in this Circular applies to all PHA-owned personal property qualifying as "capital assets" - (as defined in paragraph 3a below), except property purchased with administrative expense funds and property belonging to the Greentowns Program. This includes PHA-owned personalty, regardless of location, in the Public War Housing, Low-Rent, Veterans Reuse, and Farm Labor Camp programs, whether (a) in use at a directly operated or leased project, or (b) bailed or held under any other contractual arrangement, or (c) in storage under the accountability of a PHA Field Office.
3. Definitions
 - a. Capital Assets are:
 - (1) Items of non-expendable personal property of a more or less

permanent nature that (a) can be used repeatedly, (b) do not lose their identity upon removal from their location, (c) have an expected useful life of more than one year, and (d) originally cost \$50 or more.

- (2) Any other items of non-expendable personal property that are listed in Form PHA-2182, PHA Catalog of Capital Assets, copies of which are being sent under separate cover. These include items that are so commonly used and are required in such large quantities that the aggregate regardless of the per-unit cost is sufficient to distort the capital or expense accounts, but the cost of maintaining the capital account is not exorbitant.

b. Housing Manager means the Housing Manager or General Housing Manager of a directly operated project; the Local Authority managing a PHA-Owned Low-Rent, War Housing, Farm Labor Camp, or Veterans Reuse project; and the Chief, Personal Property Section, of a Field Office as to personal property which is in its custody or which is bailed, leased, or stored, and accountability is in the Field Office.

c. Property Classification means the following categories of personal property which will be capitalized:

- (1) Dwelling equipment, meaning cooking ranges, mechanical refrigerators and ice boxes in dwelling units and storage.
- (2) Dwelling furniture, meaning box springs on legs, single and double beds, single and double springs, sofas and davenports, chests, chiffo desks, tables, and chairs in dwelling units and in storage.
- (3) Motor vehicle, meaning self-propelled station wagons, busses, ambulances and other passenger vehicles; jeeps, carryalls and other general purpose trucks; road sweepers, fire trucks and other special purpose vehicles; scooters, and motorcycles.
- (4) Other Capital Assets, meaning all other items of personal property which meet the criteria for determining capital assets or which are listed in Form PHA-2182, PHA Catalog of Capital Assets. / Refrigerators, ranges, and furniture used exclusively in community facilities fall in this category.

4. How To Determine Whether an Item is a Capital Asset. The PHA Catalog of Capital Assets lists the more common items of personal property which meet the criteria in paragraph 3a above, particularly the criterion of originally costing \$50 or more. It lists all of the personal property items originally costing less than \$50 which the PHA will treat as capital assets. If an item appears in the Catalog, treat it as a capital asset. If not, apply literally the criteria in paragraph 3a above to determine whether it shall be treated as a capital asset.

5. Standard Descriptive Patterns. The standard descriptive pattern for each item shown in the Catalog shall be used in all reports and documents. To

facilitate reference to the Catalog, an item may be listed under each of several names by which it is commonly known. In such cases, the standard description to be used is listed in capital letters. Other descriptive terms are listed in lower case, with a reference to the standard description. The standard description is not complete in all cases, but is intended to identify the general commodity pattern. Add sufficient detail about the characteristics of the specific item, including serial number where applicable, to identify it clearly.

6. Maintaining Property Records of Capital Assets

a. Present procedures require that each leased project managed by a Local Authority and each directly operated project maintain records of non-expendable personal property on hand. For this purpose the PHA provides form PHA-1605 for motor vehicles and forms PHA-1617 and 1618 for other non-expendable property. The property records for capital assets, whether on these or other forms approved by the PHA, shall be segregated and maintained apart from the records for all other non-expendable property.

b. Present procedures require that all acquisitions, transfers, and dispositions of non-expendable property be posted on the property records. For capital assets, such postings shall:

- (1) Identify transfers between PHA programs.
- (2) Identify transfers and sales from and to other Federal Agencies.
- (3) Identify by number the document from which the posting is made.
- (4) Show the original cost of the property.

c. In the case of non-expendable property bailed to private operators, the inventory attached to the contract shall segregate the capital asset items and show their original cost.

7. Establishing the Original Cost of Personal Property Items. The average original cost is shown opposite each item listed in the Catalog. These figures shall be used for all cooking ranges, mechanical refrigerators, ice boxes, and dwelling furniture now on hand. The figures may be used for other items now on hand if the actual original cost is unknown. If the item is not listed in the Catalog and the original cost is unknown, it shall be estimated. The original cost so established for each category of identical items, whether it be the actual cost, the average cost shown in the Catalog, or an estimated cost, shall be recorded in the personal property card records and thereafter associated with the specific items. Hereafter the actual cost of replacements and additions shall be recorded in the personal property card records.

8. Documenting Transactions Involving Capital Assets

a. Every transaction involving the acquisition, transfer, disposition, damage, theft, or loss of a capital asset shall be evidenced on a PHA approved form and identified as follows:

- no* (1) Acquisition by purchase, Form PHA-64, or appropriate Local Authority form.
- (2) Acquisition from other Federal Agencies, Form PHA-64.
- no* (3) Acquisition by site construction, Form PHA-1609.
- (4) Acquisition by transfer from other PHA projects and programs, Form PHA-63. *Transfer Authorization + Receipt for Personal Property.*
- 100* (5) Disposition by sale, Form PHA-1470a. *Sales Contract*
- (6) Disposition by transfer to other PHA projects, programs, and other Federal Agencies, Form PHA-63.
- 150* (7) Disposition by sale with realty, Form PHA-1614. *Inventory Form Report*
- 100* (8) Disposition by donation or abandonment, Form PHA-1469. *Report of Scrap & Salvage*
Form 2500.00
- 100* (9) Disposition by destruction or damage beyond repair, Form PHA-1600. *Report of Inventory*
Willful destruction
- (10) Loss by fire and other hazards (no negligence by any person involved), Form PHA-63.
- (11) Loss by fire and other hazards (negligence by any person involved), Form PHA-1600.
- (12) Loss through theft or inventory shrinkage, Form PHA-1600.

b. Every document that includes capital asset items (and all copies distributed within the PHA) shall:

- (1) Be marked "Capital Assets _____" with a specification in the blank space of the type of transaction as listed in paragraph 8a above.
- (2) Show the original cost of every capital asset item involved. For sales contracts, the original cost of the capital assets sold shall be shown on the Forms PHA-1444 and PHA-1469 reporting the property for disposition. *100 Report of Excess Personal Property (if available)*
- (3) When the same document includes capital asset items and other items, group together and list in caps all capital asset items first, with the other items following in lower case.

c. To facilitate audit of project records by representatives of the PHA and the General Accounting Office, and to facilitate the preparation of necessary reports, documents supporting transactions involving capital items shall be filed apart from documents involving other property.

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Extension
Sheet
7/16/4

9. Personalty Sold With Realty

a. The Chief, Field Office Personal Property Section, shall appraise all personal property which is included in a sale of real property. He shall prepare a separate Inventory Report, Forms PHA-1614 and PHA-1614a, of personalty to be included in each sale. The Inventory Report shall segregate the property by classification and shall state separately the total appraisal based on the current fair market value of the property in each classification, as follows:

- (1) Dwelling equipment.
- (2) Dwelling furniture.
- (3) Motor vehicles.
- (4) Other capital assets.
- (5) Personal property other than capital assets.

b. The original and two copies of the Inventory Report shall be forwarded to the Field Office Disposition Officer; one copy to the Central Office Personal Property Branch; and one copy retained by the Chief, Field Office Personal Property Section. The Field Office Disposition Officer shall attach the inventory report to, and make it a part of, each sales contract. In competitive bid sales, the appraisals shall be deleted from all inventory reports except those attached to the copy of sales contracts distributed within the PHA. As an administrative policy, the Central Office Fiscal Branch shall, in the case of all sales, consider the personal property appraisal to be the amount of consideration received for the personal property.

10. Initial Report of Capital Assets

a. The Housing Manager shall prepare a report of personal property capital assets on hand as of:

- (1) September 30, 1951, in the War Housing and directly operated Veterans Reuse Programs, except that dwelling equipment and dwelling furniture reported May 25, 1951, shall not be reported again.
- (2) September 30, 1951, at projects managed by private operators and property in storage for which the Field Office is accountable.
- (3) September 30, 1951, in the Farm Labor Camp Program.
- (4) December 31, 1951, in the PHA-Owned Low-Rent Program.

b. To prepare the initial report, use the current physical inventory if it is less than one year old. Otherwise, take a physical inventory by count. Separate reports shall be prepared for each project except that capital assets at a management combination of projects under one

program and one General Housing Manager may be consolidated in one report. However, capital assets in different programs shall not be included in one report.

c. The initial report shall be in the form of a memorandum to the Field Office Director, as follows:

- (1) Subject - Initial Report of Inventory, Personal Property Capital Assets.
 - (2) Project(s) Number. (If management combination of projects, list all projects covered by the report.)
 - (3) Location of project(s).
 - (4) Date of physical inventory upon which the report is based Nov 23-51.
 - (5) Total cost of all dwelling equipment \$ ~~13190.89~~ 16200.78
 - (6) Total cost of all dwelling furniture \$ ~~6383.08~~ 11525.59
office 1161.14
 - (7) Total cost of all motor vehicles \$ ~~5602.55~~ 5602.55
7206.28
 - (8) Total cost of all other capital assets \$ ~~6778.66~~ 33066.34
- (Report as one figure the total acquisition cost of all capital assets in each of the categories 5 through 8.) ~~40295.20~~ ⁵⁴⁵

d. The Housing Manager shall send the original and two copies of the report to the Chief, Field Office Personal Property Section, not later than 10 days after the close of the reporting period, except that reports to be made as of September 30, 1951, shall be due not later than November 9, 1951. The Chief, Field Office Personal Property Section, shall be responsible for obtaining all reports and for sending the original and one copy to the Central Office Personal Property Branch not later than 15 days following the close of the reporting period, except that reports to be made as of September 30, 1951, shall be due in the Central Office not later than November 14, 1951.

11. Quarterly Reports of Inventory Changes - Capital Assets

a. The Housing Manager shall prepare and certify to the correctness of the first Report of Changes in Personal Property Inventory of Capital Assets, Form PHA-2184 (copies of which are being sent under separate cover), for the quarter ending:

- (1) September 30, 1951, for dwelling equipment in the War Housing, and directly operated Veterans Reuse Programs.
- (2) December 31, 1951, for all capital assets (including dwelling equipment) in the War Housing, Veterans Reuse, and Farm Labor Camp Programs.

(3) March 31, 1952, for all capital assets in the PHA-Owned Low-Rent Program.

b. The first quarterly report shall cover all acquisitions, transfers, and dispositions which were completed during the quarter. To be reported as completed, property purchased shall have been delivered, and property disposed of shall have been removed by the end of the quarter. Property transferred shall not be reported until the Transfer Authorization and Receipt for Personal Property, Form PHA-63, is receipted and returned to the shipping project.

c. The first quarterly report on dwelling equipment shall show under "Inventory at beginning of quarter" the original cost of dwelling equipment initially reported as of May 25, 1951, and shall include all inventory changes necessary to adjust that figure to the inventory on hand at the end of the first quarterly reporting period. Thus, the first quarterly report shall include all inventory changes from (1) May 25, 1951, if the initial report was based on an actual physical count, or (2) date of the current (not-more-than-one-year-old) physical inventory on which the original report was based.

d. The Housing Manager shall list on the reverse of the quarterly report the contract number of all personal property sales contracts executed and distributed during the quarter. Housing Managers will not be relieved of responsibility for accounting for personal property sold until the sales contract and proceeds from the sale are received by the Central Office Fiscal Branch.

e. The Housing Manager shall send the original and three copies of the report to the Chief, Field Office Personal Property Section, not later than 10 days after the close of the quarterly reporting period, except that reports to be made as of September 30, 1951, shall be due not later than November 9, 1951. The Chief, Field Office Personal Property Section, shall be responsible for obtaining all reports. He shall approve each report and add to the Housing Managers' list of sales contracts, the contract number of all personal property sales contracts executed and distributed by the Field Offices. He shall forward the original and one copy of each report to the Central Office Personal Property Branch and one copy to the Central Office Audit Branch not later than 15 days after the close of the reporting period, except that reports to be made as of September 30, 1951, shall be due in the Central Office not later than November 14, 1951.

12. Exceptions to the Quarterly Reporting Requirements

a. A quarterly report shall not be submitted for property bailed to private operators so long as the contract remains in force. When the contract is terminated and a new contract executed, or all of the personal property is disposed of, a report shall be prepared by the Chief, Field Office Personal Property Section, at the end of that quarter.

b. The quarterly report shall not include inventory changes through disposition of personal property in leased commercial facilities so

long as the lease remains in force. The cost of such property shall be reported as on hand at the beginning and at the end of the quarterly period. When the lease is terminated or the commercial facility is disposed of, the disposition of personal property shall be included in the report for that quarter. Acquisitions by the PHA of property in leased commercial facilities shall be reported each quarter.

c. The quarterly report shall not include inventory changes in dwelling furniture. The total cost of dwelling furniture on hand, in dwelling use, and in storage shall be reported on Form PHA-2208, Certified Statement of Dwelling Furniture and furnishings Based on Latest Physical Inventories, copies of which are being sent under separate cover. The Housing Manager shall prepare Form PHA-2208 immediately following the taking, for any reason, of a physical inventory and not less frequently than once a year, and shall send the original and two copies of the form with the physical inventory, to the Chief, Field Office Personal Property Section. The Chief, Field Office Personal Property Section shall add his certification to Form PHA-2208, retain one copy of the physical inventory and the form, and forward the original and one copy of each to the Central Office Personal Property Branch.

13. Physical Inventories

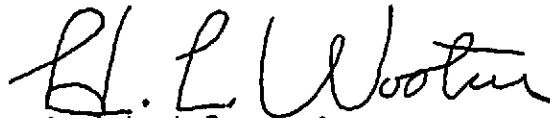
a. The annual inventory of capital items shall be, and the annual inventory of all other non-expendable property should be, time for completion and reconciliation with the previous inventory at the end of a quarterly reporting period. Any overages or shortages in the new inventory shall be listed on the reverse of the quarterly report for that period together with a reference to the Survey Action, Form PHA-1600, which supports the inventory adjustment.

b. In preparing inventories, segregate capital assets from other items of personal property and list them alphabetically by categories of dwelling equipment, dwelling furniture, motor vehicles, and other capital assets. (See the attachment to this Circular. Present stocks of Forms PHA-1614 and PHA-1614a shall be adapted and used until exhausted.) Follow the standard descriptive pattern used in the PHA Catalog of Capital Assets. The Housing Manager shall distribute inventories as follows:

- (1) Original and one copy to the Chief, Field Office Personal Property Section, the original to be forwarded to the Central Office Personal Property Branch.
- (2) One copy for the project files.

14. Responsibility of the Chief, Field Office Personal Property Section. During regular project inspections (at least once a year), the Chief, Field Office Personal Property Section, or his representative, shall inspect the property records and supporting documents on capital assets and see that they are properly and accurately maintained.

15. Responsibility of the Audit Branch. The Auditor shall check the annual inventory and the quarterly reports to establish their accuracy.


Assistant Commissioner
for Administration

Attachment

HOUSING AND HOME FINANCE AGENCY
PUBLIC HOUSING ADMINISTRATION

INVENTORY REPORT

PROJECT NUMBER, OFFICE, OR WAREHOUSE: TEX-41663		LOCATION: Barnsville, Texas	
PROJECT NAME: Barnsville Homes		NO. OF ACTIVE UNITS: 250	DATE: 6-30-51
REASON FOR TAKING INVENTORY: ☒ REGULAR YEARLY INVENTORY ☐ OTHER (EXPLAIN)			DATE OF LAST INVENTORY: 5-30-50

I CERTIFY THAT A PHYSICAL INVENTORY WAS TAKEN AS OF THE ABOVE DATE OF ALL PHA PROPERTY AT THE ABOVE LOCATION, AND THAT ALL SUCH PROPERTY IS LISTED BELOW.

NAME: George Jones	SIGNATURE:
TITLE: Maintenance Mechanic	DATE:

CONCURRED IN BY.

NAME: John Doe	SIGNATURE:
TITLE: Housing Manager	DATE:

NO. OF UNITS	UNIT	COMPLETE DESCRIPTION OF ITEM	AVERAGE UNIT COST	TOTAL COST	CONDITION	TOTAL APPRAISED VALUE *
CAPITAL ASSETS						
DWELLING EQUIPMENT:						
250	ea	RANGES, COOKING GAS	25.00	6,250.00	0-2	
260	ea	REFRIGERATORS, ELECTRIC, 6 CU. FT.	76.31	19,840.60	0-2	
DWELLING FURNITURE:						
150	ea	CHESTS, 36"	17.18	2,577.00	0-2	
150	ea	TABLES, DINETTE, 45"	8.26	1,239.00	0-2	
MOTOR VEHICLES:						
1	ea	TRUCK, PICK-UP, 3/4 TON DODGE, MOTOR NO. T1126434 SER. NO. 8217277 MODEL 1942	985.83	985.83	0-4	
OTHER CAPITAL ASSETS:						
1	ea	DESK, EXECUTIVE, DOUBLE PEDESTAL, METAL, WALNUT FINISH, COMPOSITION TOP, 34" x 60" COMPRESSOR & TANK, AIR, WAYNE, COMPLETE MODEL NO. F14314, 3/4 H.P. MAX. PRESSURE 125 LBS - 30 GAL. TANK	70.58	70.58	0-2	
			185.00	185.00	0-2	
Non Capital Assets:						
2	ea	Cabinets, card filing, steel, No. 1558	5.14	10.28	0-2	
5	ea	Chairs, conference table, wooden, walnut finish curved slat back, non-padded, w/arms	11.76	58.80	0-2	
1	pr	Clamps, 4 ft. cabinet No. 415	5.75	5.75	0-2	
2	ea	Clamps, 12" C clamps	5.50	11.00	0-2	
10	ea	Extinguishers, fire	9.67	96.70	0-2	
1	ea	Grinder, 6" Diehl	18.13	18.13	0-2	
2	ea	Planes, 12"	5.95	11.90	0-2	
2	ea	Wrenches, basin, Sexover	4.76	9.52	0-2	

* COMPLETE THIS COLUMN ONLY WHEN INSTRUCTED TO DO SO.

Summary of personal property details - Caldwell Farm Labor Camp

*see Pink Circular
for summary of
requirements*

Items of personal property to be listed on individual cards (PHA-1618 or similar), with unit cost indicated on each card, which will remain constant; cards to be separated by category indicated below, arranged in alphabetical order:

DWELLING EQUIPMENT: (Ranges, Refrigerators, Ice Boxes)

DWELLING FURNITURE: (Beds, Bed Springs, Box Springs on Legs, Chests and/or dressers, Dinette Chairs, Occasional Chairs, Dinette Tables)

MOTOR VEHICLES: (Automobiles, Trucks, Scooters, Fire Trucks) Note: Tractors, except Truck Tractors, are not classified as Motor Vehicles and should be included in the category Other Capital Assets.

OTHER CAPITAL ASSETS: All Items costing (unit cost) \$50.00 or more that are not included in the above categories (See PHA Catalog of Capital Assets, PHA-2182, October 1951).

Non-Capital Assets: Non-Expendable personal property with unit cost of \$25.00 or more but less than \$50.00. To be listed on Inventory Report.

Expendable: Items with unit cost of less than \$25.00 (Such items not required to be listed on annual Inventory Reports, but records should be maintained for accountability purposes.

Inventory Reports: Form PHA-1614 and 1614a Continuation Sheet. Submit annual Inventory Report, (prepared in original and two copies) Original and one copy to SFFO, one copy retained for project file. To be accompanied with Form PHA-2208 (original and two copies to SFFO, one copy retained for project file) for adjustment of Dwelling Furniture Capital Assets.

Form PHA-2184 - Quarterly report of Capital Assets for categories Dwelling Equipment, Motor Vehicles, Other Capital Assets. Report required even though there has been no change in capital asset amount during the quarter. Prepare in Original and four copies; submit Original and three copies to SFFO not later than the 20th day of the last month of the quarterly reporting period; retain one copy for project file. NOTE: The Contract Number, Date, and Capital Asset Amount, to be listed on the back of the form for all entries on Line 6 (Sales) of the form - this covers disposal by sale (either usable or scrap and salvage property) of Dwelling Equipment, Motor Vehicles, Other Capital Assets which were initially capitalized (Report as of 9-30-51) and have not been listed as a decrease on subsequent Forms PHA-2184.

The SFFO has not received an inventory report since initial transfer to PHA from USDA for Caldwell Farm Labor Camp. Quarterly Reports Form PHA-2184 were submitted to include December 31, 1952; none were received for the quarters ending March 31, 1953 and June 30, 1953. On the previous quarterly reports there were no changes in capital assets listed; on this basis a combined Form PHA-2184 for the quarters 3-31-53 and 6-30-53 was prepared by the Personal Property Section and forwarded to LC-36 for signature and return to SFFO but was not received from the project. Another quarterly report is now due for the period ending Sept. 30, 1953. The Central Office has made repeated requests for submission of current inventory report and delinquent quarterly reports.

HOUSING AND HOME FINANCE AGENCY
PUBLIC HOUSING ADMINISTRATION

(Name of local authority or project)

AUDIT REPORT No.

CONTRACT No. _____

FISCAL YEAR BEGINNING _____, 19____ TO _____, 19____

DEV. OR PROJECT No. _____

STATEMENT OF INCOME AND EXPENSE

ACCOUNT CLASSIFICATION	PER BOOKS OF LOCAL AUTHORITY	AUDITOR'S ADJUSTMENTS				TOTAL TO DATE AS ADJUSTED
		Adj. Nos.	DEBIT		CREDIT	
<i>Operating Income</i>						
3100 Dwelling Rent Schedule.....						
3200 Less: Dwelling Vacancy Loss.....						
Dwelling Rent Income.....						
3310 Commercial Rental.....						
3330 Furniture Rental.....						
3390 Other Non-Dwelling Rental.....						
3510 Sales and Services to Tenants.....						
3590 Miscellaneous Project Income.....						
3610 Interest on Investments.....						
TOTAL OPERATING INCOME.....						
<i>Operating Expenses</i>						
4100 Management.....						
4200 Operating Services.....						
4300 Dwelling and Commercial Utilities.....						
4400 Repairs, Maintenance, and Replacements.....						
4500 Public Services.....						
4600 Housekeeping Services.....						
4711 Insurance.....						
4712 Rents.....						
4714 Taxes.....						
4715 Contributions to Pension and Insurance Funds.....						
4720 Cost of Sales and Services to Tenants.....						
4730 Collection Losses.....						
4740 Payments in Lieu of Taxes.....						
4780 Miscellaneous.....						
4792 Provision for Operating Improvements.....						
4797 Provision for Operating Reserve.....						
4798 Provision for Contribution Allowances.....						
5000 Debt Service.....						
TOTAL OPERATING EXPENSES.....						
<i>Non-Operating Expenses</i>						
6100 Damage to Persons and Property.....						
6210 Operating Improvements.....						
6610 Property Losses—Cost of Replacement.....						
6620 Property Losses—Insurance Proceeds.....						
Total Non-Operating Expenses.....						
Total Expenses.....						
Net Income or (Deficit).....						

Prepared by _____

Sheet _____ of _____

Audit Report No. 2.
Period: 4-1-52 to 6-30-53.

H/A of the City of Caldwell,
Caldwell, Idaho

Contract: (1E4-IC-36-S)-2.
Project: IC-36.

DISCUSSION MEETING ON AUDIT FINDINGS

Discussion meeting on audit findings was held at the Central Office of the Housing Authority of the City of Caldwell, Caldwell, Idaho, located at 811 Main Street, at 1:00 PM, October 7, 1953, and was attended by the following persons:

Thurloz Bryant, Farm Labor Camp Manager.
Keith W. Fering, Accountant.
E. M. Willis, Auditor, FHA.

The following audit findings were presented and replies made by the Authority personnel.

1. Finding. In Board meeting of 12-3-52 the Board authorized the Secretary to discuss a rent adjustment with the operators of the store and bar at the Farm Labor Camp. The minutes of subsequent meetings disclosed nothing further regarding this matter but in February 1953 a rent adjustment of \$140.00 was applied to the store account, same being a reduction from \$50.00 per month to \$15.00 per month for the period 11-1-52 through 2-28-53. Likewise a rent adjustment of \$100.00 was credited to the Bar account, same being a reduction from \$50.00 per month to \$25.00 per month for the period 11-1-52 to 2-28-53. Official action should have been taken by the Board to authorize these adjustments and leases with operators should have been amended to agree with new schedule of rentals agreed upon.

Reply. Official action was taken by the Board in discussions during meeting authorizing the above rent adjustments but was not written up in minutes. Adjustments were granted due to the fact that the store closed during the period covered by the adjustment and the adjustment on the Bar was given for the reason that tenancy in the project was greatly reduced.

2. Finding. Files and records did not disclose that formal lease has been executed with the operator of the Store at the Farm Labor Camp. A lease should be executed to cover period from inception of the operation.

Reply. A lease will be procured.

3. Finding. The examination disclosed that Miscellaneous Income of the Project had been credited to expense instead of being recorded as income. All income should be reflected as such and not applied to reduce expenses.

Reply. All items of income will be so classed in the future.

4. Finding. The analysis of the Prepaid Insurance disclosed that the full amount of premiums for Workmen's Compensation Insurance, Fidelity Bonds, Public Liability on Plymouth Sedan and Burglary and Robbery coverage at the Central Office had all been charged and paid from Farm Labor Camp funds and that the Chamber of Commerce had not been charged with their proportionate 1/3 share of this overall authority.

Audit Discussion Findings - H/A of the City of Caldwell, Idaho - 2

coverage, which is also applicable to their relinquished Title V Project. The Chamber of Commerce's applicable portion of the above insurance coverage, amounting to \$103.56, has been set up as a receivable on the books of the Farm Labor Camp and care should be exercised to see that premiums are properly allocated in the future.

Reply. Premiums will be prorated on applicable basis in the future.

5. Finding. The examination disclosed that the costs of replacing some items lost in the fire which destroyed the shop building, and the moving of a shed building to replace the shop, amounting to \$622.13, had been charged to regular operating accounts. Accounting procedure provides special classification for this type of costs and proper adjustments were made to correct classification. Care should be exercised to effect proper classification of expenses.

Reply. Classification of expenses will be followed more closely in the future.

6. Finding. The examination disclosed that deficiencies in personal property records as brought out in the prior audit had not been corrected as was indicated by reply in prior audit discussion meeting. The auditor was informed that a physical inventory had been taken, and work papers were available to substantiate this fact, but actual inventory report and the establishment of property cards had not yet been accomplished. This deficiency in property records at time of last audit was reported by the LHA as having been corrected by their letter of January 31, 1953, as indicated by PHA letter of Feb. 13, 1953 contained in audit exception folder, clearing the exception. However the LHA letter of Jan. 31, 1953 referred to above, could not be located in the LHA files nor could property cards be located. Work sheets covering Capitalized Property were located and quarterly reports of Capitalized Property had been made up to and including Dec. 31, 1952. Personal Property procedure as prescribed by PHA should be instituted and maintained.

Reply. A physical inventory will be taken as soon as the camp is closed down for the season and records will be established as maintained in accordance with PHA procedures.

7. Finding. The examination disclosed that no control had been maintained between the General Ledger control accounts for Tenants Accounts Receivable, and Tenants Security Deposits and the individual tenants ledger cards. The Reconciliation of Daily Statements of Operation as maintained reflected Tenants Accounts Receivable which agreed with the General Ledger control but this balance did not represent balances as reflected on the individual tenants ledger cards. The latest trial balance of tenants ledger cards which could be located was for the month of May 1951, which agreed with the General Ledger Control. Rent Roll and Rent Roll Control records were outlined for

Audit Discussion Meeting - H/A of the City of Caldwell, Idaho - 3

use in maintaining control between general ledger and Tenants accounts and Security Deposits.

Reply. Controls as outlined have been established and will be maintained.

8. Finding. Sufficient payroll data is not being maintained for proper verification of earnings, leave earnings and leave taken. No time reports were maintained for monthly employees and no records, other than that reflected on the payroll vouchers, were maintained to reflect deductions made from employees. It is recommended that payroll time sheets be maintained for monthly employees, as is now being used for hourly employees, and that individual earnings records be maintained to reflect earnings and deductions, as well as reflecting leave earned and taken.

Reply. Payroll records as outlined will be maintained.

9. Finding. The records disclosed that Tenants Accounts Receivable at 6-30-52 were \$3344.69 and at 6-30-53 they were \$5811.74. These amounts appear as excessive for this size operation and efforts should be made to reduce the amounts owing and to effect better collections in the future.

Reply. Most of the above receivables accumulated during the tenure of prior Project Manager and as the whereabouts of these tenants are unknown, they being of the migratory farm labor class, the only solution we see as practical is to write off these accounts to collection loss upon authorization by the Board. The present management will endeavor to hold tenants accounts to a minimum.

Signed:

E. M. Willis
E. M. Willis, Auditor

Signed:

Thurlof Bryant
Thurlof Bryant, Camp Manager
W. W. Ferine
W. W. Ferine, Accountant