

RECEIVED  
04 APR -7 AM

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

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

Release Date 4.28.04

## TABLE OF CONTENTS

---

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1
BALANCE SHEET--ENTERPRISE FUND SEPTEMBER 30, 2003 .....	3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS--ENTERPRISE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2003 .....	4
STATEMENT OF CASH FLOWS--ENTERPRISE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2003 .....	5
NOTES TO THE FINANCIAL STATEMENTS .....	6
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information .....	16
EXHIBIT I - Combining Balance Sheet - Enterprise Fund September 30, 2003 .....	18
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit) - Enterprise Fund For the Year Ended September 30, 2003 .....	19
SCHEDULE I - Financial Data Schedule - Combining Balance Sheet September 30, 2003 .....	21
SCHEDULE II - Financial Data Schedule - Combining Statement of Revenues and Expenses For the Year Ended September 30, 2003 .....	25
SCHEDULE III - Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2003 .....	29

## TABLE OF CONTENTS, CONTINUED

---

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION, CONTINUED:	
SCHEDULE IV - Statement of Actual Modernization Cost (Completed) From Inception Through the Year Ended September 30, 2003 .....	30
SCHEDULE V - Statement of Capital Fund Program (Incomplete) From Inception Through the Year Ended September 30, 2003 .....	31
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	32
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	35
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2003:	
Section I - Summary of Auditors' Results .....	38
Section II - Financial Statement Findings and Questioned Costs ...	40
Section III - Federal Award Findings and Questioned Costs .....	42
Section IV - Status of Prior Years' Findings and Questioned Costs .....	48
EXIT CONFERENCE .....	57



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

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

We have audited the accompanying financial statements of **Housing Authority of the City of Winnfield (HACW)**, as of and for the year ended September 30, 2003, as listed in the Table of Contents. These financial statements are the responsibility of **HACW's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **HACW** as of September 30, 2003, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2004, on our consideration of HACW's internal control over financial reporting and on our tests of its compliance with certain provisions of 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 our audit. Also, that report contained reportable conditions.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

March 19, 2004

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**BALANCE SHEET--ENTERPRISE FUND**  
**SEPTEMBER 30, 2003**

---

**ASSETS**

Cash and temporary cash investments (NOTE 2)	\$ 478,236
Amounts receivable, net (NOTE 12)	1,355
Prepaid expenses and other assets	21,646
Investment (NOTE 4)	26,456
Land, structures and equipment, net (NOTES 3, 6, AND 10)	<u>2,827,477</u>
Total assets	<u>\$3,355,170</u>

**LIABILITIES AND EQUITY**

Liabilities:

Amounts and other payable (NOTE 5)	\$ 74,935
Compensated absences payable	4,590
Security deposits held for tenants (NOTE 2)	<u>7,990</u>

Total liabilities 87,515

Equity:

Contributed capital (NOTE 6)	3,015,778
------------------------------	-----------

Retained earnings:

Unreserved retained earnings	<u>251,877</u>
------------------------------	----------------

Total equity 3,267,655

Total liabilities and equity \$3,355,170

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED EARNINGS--ENTERPRISE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

Operating Revenues:	
Dwelling rental	\$ 90,526
Fees and charges	<u>3,508</u>
Total operating revenues	<u>94,034</u>
Operating Expenses:	
Salaries and employee benefits	147,319
Repairs and maintenance	13,069
Contractual services	95,806
Utilities	4,455
Garbage and trash removal	144
Depreciation	202,664
Insurance	38,989
Convention and travel	26,786
Payment in lieu of taxes	8,607
Tenant services	6,022
Telephone	14,627
Office supplies	4,354
Bad debt	2,671
Lawsuit settlement	12,500
General	<u>7,881</u>
Total operating expenses	<u>585,894</u>
Operating loss	<u>(491,860)</u>
Non-operating Revenues:	
Grants and subsidies	521,829
Interest income	4,392
Gain on sale of fixed assets	7,770
Insurance proceeds	4,770
Other	<u>15,351</u>
Total non-operating revenues	<u>554,112</u>
Net income before other financing sources (uses)	62,252
Other financing sources (uses):	
Operating transfer in	46,310
Operating transfer out	<u>(46,310)</u>
Net income	62,252
Retained earnings, beginning of year	<u>189,625</u>
Retained earnings, end of year	<u>\$ 251,877</u>

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
STATEMENT OF CASH FLOWS--ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

Operating loss	\$(491,860)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	202,664
Bad debt	2,671
Decrease in amounts receivable	1,709
Increase in prepaid expenses and other assets	(5,391)
Increase in amounts and other payable	13,879
Decrease in compensated absences payable	(5,222)
Decrease in security deposits held for tenants	(1,970)
Gain on sale of fixed assets	<u>7,770</u>
Cash used in operating activities	<u>(275,750)</u>
Cash Flows from Investing Activities:	
Interest received	4,392
Proceeds received from maturing investments, net	<u>20,430</u>
Cash provided by investing activities	<u>24,822</u>
Cash Flows from Noncapital Financing Activities:	
Subsidies from Federal grants	521,829
Insurance proceeds	4,770
Other	<u>15,351</u>
Cash provided by noncapital financing activities	<u>541,950</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of fixed assets	<u>(315,700)</u>
Cash used in capital and related financing activities	<u>(315,700)</u>
Net decrease in cash and temporary cash investments	(24,678)
Cash and temporary cash investments, beginning of year	<u>502,914</u>
Cash and temporary cash investments, end of year	<u>\$ 478,236</u>
Interest paid during the year ended September 30, 2003	<u>\$ -0-</u>

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

NOTE 1 - Background and General Data:

Background

The **Housing Authority of the City of Winnfield (HACW)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HACW** has been contracted by HUD to administer the Low-Rent Housing Program under an Annual Contributions Contract.

As of September 30, 2003, **HACW** was primarily engaged in the administration of Low-Rent Housing Program to low-income residents in Winnfield, Louisiana.

Under the Low-Rent program, **HACW** provides housing to eligible families under leasing arrangements.

Financial Reporting Entity

**HACW** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of Winnfield.

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Background and General Data, Continued

Financial Reporting Entity, Continued

**HACW** was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HACW** is a financial reporting entity within the meaning of the provisions of GASB 14.

Basis of Presentation

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

The accounts of **HACW** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HACW** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HACW's** fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Background and General Data, Continued

Basis of Presentation

HACW has adopted the provisions of GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions) which was effective for fiscal years that began after June 15, 2000.

Under GASB 33 Standards, HACW recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- Assets and liabilities are recognized when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met;
- Transactions with time requirement(s) received prior to the satisfaction of the time requirement(s) are recorded as deferred revenue upon award; and
- Transactions with no time requirement(s) are recorded by HACW as revenue upon award.

Budgets

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Background and General Data, Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, **HACW** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Land, Structures and Equipment

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

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Background and General Data, Continued

Land, Structures and Equipment, Continued

Structures and equipment with a cost of \$500 or more are capitalized and depreciated in the enterprise fund of HACW using the following estimated useful lives in years.

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

Compensated Absences

HACW follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due to and from have be netted at the combined level financial statements.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Background and General Data, Continued

Total Memorandum Only

The total column on the accompanying combining financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - Cash and Temporary Cash Investments:

At September 30, 2003, HACW's cash and temporary cash investments consisted of the following:

<u>Description</u>	<u>Carrying Value</u>	<u>Approximate Market Value</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>
Cash and Money Fund	\$455,713	\$455,713	.75	N/A
Cash and Money Fund	9,951	9,951	N/A	N/A
Cash and Money Market Fund	<u>12,572</u>	<u>12,572</u>	7 day current yield	Every 7 <sup>th</sup> day
Total	<u>\$478,236</u>	<u>\$478,236</u>		

Included in cash are security deposits of \$7,990 received and held on behalf of tenants.

Under state laws, deposits in banks must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and/or federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of HACW.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 2 - Cash and Temporary Cash Investments, Continued:

At September 30, 2003, the carrying amounts of HACW's cash and money funds, and money market funds were \$465,664 and \$12,572 respectively. The cumulative bank balances were \$473,883 and \$12,572 respectively. Of these amounts \$100,000 was covered by federal depository insurance and the balance by collateral held by the pledging institution's agent in HACW's name.

Cash and temporary cash investments are categorized as Category 1. Category 1 represents cash insured or collateralized with securities held by the pledging financial institution's trust department or agent in HACW's name.

NOTE 3 - Land, Structures and Equipment:

At September 30, 2003, land, structures and equipment consisted of the following:

	Balance October 1, <u>2002</u>	<u>Additions</u>	<u>Retirement</u>	Balance September 30, <u>2003</u>
Land and land improvements	54,229	\$ -0-	\$ -0-	\$ 54,229
Buildings and building improvements	5,532,675	162,023	-0-	5,694,698
Construction-in-progress	16,125	105,019	-0-	121,144
Equipment	<u>148,368</u>	<u>48,658</u>	<u>(42,378)</u>	<u>154,648</u>
Sub-total	5,751,397	315,700	(42,378)	6,024,719
Less accumulated depreciation	<u>(3,036,956)</u>	<u>(202,664)</u>	<u>42,378</u>	<u>(3,197,242)</u>
Total	<u>\$ 2,714,441</u>	<u>\$ 113,036</u>	<u>\$ -0-</u>	<u>\$ 2,827,477</u>

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 4 - Investment:

At September 30, 2003, investment consisted of a certificate of deposit with interest rate and maturity dates as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Approximate Market Value</u>	<u>Interest Rate(%)</u>	<u>Maturity Date</u>
Certificate of deposit	\$ <u>26,456</u>	\$ <u>26,456</u>	7.15	03/08/05
Total	\$ <u>26,456</u>	\$ <u>26,456</u>		

Investment at September 30, 2003, is covered by federal depository insurance. The investment is categorized as Category 1.

NOTE 5 - Amounts and Other Payable:

At September 30, 2003, amounts and other payable consisted of the following:

Vendors	\$ 5,579
Salaries and payroll taxes payable	3,052
HUD	59,367
Other	<u>6,937</u>
Total	<u>\$74,935</u>

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 6 - Contributed Capital:

At September 30, 2003, contributed capital consisted primarily of reclassification of HUD guaranteed debt previously recorded on the books of HACW, payable by HUD and secured by annual contributions. The debt does not constitute an obligation of HACW and accordingly, has not been reported in the accompanying financial statements. Contributed capital also includes the net of accumulated expenses, grants and subsidies of HACW. An analysis of contributed capital follows:

<u>Balance</u> <u>October 1, 2002</u>	<u>Net Change</u>	<u>Balance</u> <u>September 30, 2003</u>
<u>\$3,015,778</u>	<u>\$-0-</u>	<u>\$3,015,778</u>

NOTE 7 - Risk Management:

HACW is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which HACW carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 8 - Concentration of Credit Risk:

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

NOTE 9 - Contingencies:

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 10 - Actual Modernization Cost Certificate:

HACW has submitted to HUD Actual Modernization Cost Certificates for LA48P123906-97 and LA48P123907-98. As further discussed in findings 2000-01 and 2000-04, we were unable to verify the complete distribution of cost for LA48P123906-97 and LA48P123907-98 as submitted to HUD as well as the status of any unliquidated liabilities. Ultimate resolution of findings 2000-01 and 2000-04 rests with HUD.

NOTE 11 - Commitments:

At September 30, 2003, HACW has executed agreements with HUD totaling \$891,714 for various modernization, capital projects and drug abatement activities in progress. Balance of funds remaining at September 30, 2003, was \$463,875.

NOTE 12 - Amounts Receivable:

At September 30, 2003, amounts receivable consisted of the following:

Amounts receivable - tenant	\$ 2,167
Amounts receivable - HUD	<u>1,304</u>
Sub-total	3,471
Less allowance for doubtful accounts	<u>(2,116)</u>
Total	<u>\$ 1,355</u>

\*  
\*  
\*  
\*

**SUPPLEMENTARY INFORMATION**



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

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

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

Our report on our audit of the financial statements of **Housing Authority of the City of Winnfield (HACW)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule III) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules I, II, IV and V) which are prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION  
(CONTINUED)

Also, the supplementary information (Exhibits I and II), which are prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements, has been subjected to the procedures applied in the audit of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

March 19, 2004

**EXHIBIT J**

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
COMBINING BALANCE SHEET--ENTERPRISE FUND  
SEPTEMBER 30, 2003**

	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total (Memorandum Only)
<b>ASSETS</b>					
Cash and temporary cash investments	\$ 478,236	\$ -0-	\$-0-	\$ -0-	\$ 478,236
Amounts receivable, net	51	-0-	-0-	1,304	1,355
Prepaid expenses and other assets	21,646	-0-	-0-	-0-	21,646
Investment	26,456	-0-	-0-	-0-	26,456
Interfund receivable	1,304	-0-	-0-	-0-	1,304
Land, structures and equipment, net	<u>2,553,948</u>	<u>152,385</u>	<u>-0-</u>	<u>121,144</u>	<u>2,827,477</u>
Total assets	<u>\$3,081,641</u>	<u>\$152,385</u>	<u>\$-0-</u>	<u>\$122,448</u>	<u>\$3,356,474</u>
<b>LIABILITIES AND EQUITY</b>					
Liabilities:					
Amounts and other payable	\$ 74,935	\$ -0-	\$-0-	\$ -0-	\$ 74,935
Compensated absences payable	4,590	-0-	-0-	-0-	4,590
Security deposits held for tenants	7,990	-0-	-0-	-0-	7,990
Interfund payable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,304</u>	<u>1,304</u>
Total liabilities	<u>87,515</u>	<u>-0-</u>	<u>-0-</u>	<u>1,304</u>	<u>88,819</u>
Equity:					
Contributed capital	3,015,778	-0-	-0-	-0-	3,015,778
Retained earnings (deficit):					
Unreserved retained earnings (deficit)	<u>(21,652)</u>	<u>152,385</u>	<u>-0-</u>	<u>121,144</u>	<u>251,877</u>
Total equity	<u>2,994,126</u>	<u>152,385</u>	<u>-0-</u>	<u>121,144</u>	<u>3,267,655</u>
Total liabilities and equity	<u>\$3,081,641</u>	<u>\$152,385</u>	<u>\$-0-</u>	<u>\$122,448</u>	<u>\$3,356,474</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS (DEFICIT)--ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total (Memorandum Only)
<b>Operating Revenues:</b>					
Dwelling rental	\$ 90,526	\$ -0-	\$ -0-	\$ -0-	\$ 90,526
Fees and charges	<u>3,508</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,508</u>
Total operating revenues	<u>94,034</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>94,034</u>
<b>Operating Expenses:</b>					
Salaries and employee benefits	147,319	-0-	-0-	-0-	147,319
Repairs and maintenance	13,069	-0-	-0-	-0-	13,069
Contractual services	95,806	-0-	-0-	-0-	95,806
Utilities	4,455	-0-	-0-	-0-	4,455
Garbage and trash removal	144	-0-	-0-	-0-	144
Depreciation	194,252	8,412	-0-	-0-	202,664
Insurance	38,989	-0-	-0-	-0-	38,989
Convention and travel	26,786	-0-	-0-	-0-	26,786
Payments in lieu of taxes	8,607	-0-	-0-	-0-	8,607
Tenant services	6,022	-0-	-0-	-0-	6,022
Telephone	14,627	-0-	-0-	-0-	14,627
Office supplies	4,354	-0-	-0-	-0-	4,354
Bad debt	2,671	-0-	-0-	-0-	2,671
Lawsuit settlement	12,500	-0-	-0-	-0-	12,500
General	<u>7,881</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>7,881</u>
Total operating expenses	<u>577,482</u>	<u>8,412</u>	<u>-0-</u>	<u>-0-</u>	<u>585,894</u>
Operating loss	<u>(483,448)</u>	<u>(8,412)</u>	<u>-0-</u>	<u>-0-</u>	<u>(491,860)</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS (DEFICIT)--ENTERPRISE FUND, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total (Memorandum Only)
Non-operating Revenues:					
Grants and subsidies	\$ 174,777	\$154,224	\$ 2,803	\$190,025	\$521,829
Interest income	4,392	-0-	-0-	-0-	4,392
Gain on sale of fixed assets	7,770	-0-	-0-	-0-	7,770
Insurance proceeds	4,770	-0-	-0-	-0-	4,770
Other	<u>15,351</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>15,351</u>
	<u>207,060</u>	<u>154,224</u>	<u>2,803</u>	<u>190,025</u>	<u>554,112</u>
Total non-operating revenues	(276,388)	145,812	2,803	190,025	62,252
Net income (loss) before other financing sources (uses)					
Other Financing Sources (Uses):					
Operating transfer in	46,310	-0-	-0-	-0-	46,310
Operating transfer (out)	<u>-0-</u>	<u>(9,552)</u>	<u>(2,803)</u>	<u>(33,955)</u>	<u>(46,310)</u>
Net income (loss)	(230,078)	136,260	-0-	156,070	62,252
Retained earnings, beginning of year	173,500	16,125	-0-	-0-	189,625
Equity transfers in (out)	<u>34,926</u>	<u>-0-</u>	<u>-0-</u>	<u>(34,926)</u>	<u>-0-</u>
Retained earnings (deficit), end of year	<u>\$ (21,652)</u>	<u>\$152,385</u>	<u>\$ -0-</u>	<u>\$121,144</u>	<u>\$251,877</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2003**

<u>Line Item No.</u>	<u>Account Description</u>	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total (Memorandum Only)
111	Cash-unrestricted	\$ 470,246	\$ -0-	\$ -0-	\$ -0-	\$ 470,246
114	Cash-tenant security deposits	<u>7,990</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>7,990</u>
100	Total cash	<u>478,236</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>478,236</u>
122	Accounts receivable - HUD other projects	-0-	-0-	-0-	1,304	1,304
126	Accounts receivable - tenants dwelling rents	2,167	-0-	-0-	-0-	2,167
126.1	Allowance for doubtful accounts - dwelling rents	<u>(2,116)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(2,116)</u>
120	Total receivables, net of allowance for doubtful accounts	<u>\$ 51</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,304</u>	<u>\$ 1,355</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED  
SEPTEMBER 30, 2003**

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Comprehensive Improvement Assistance Program</u>	<u>Public and Indian Housing Drug Elimination Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
131	Investments - unrestricted	\$ 26,456	\$ -0-	\$ -0-	\$ -0-	\$ 26,456
142	Prepaid expenses and other assets	19,535	-0-	-0-	-0-	19,535
143	Inventories	2,111	-0-	-0-	-0-	2,111
144	Interprogram due from	<u>1,304</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,304</u>
150	Total current assets	<u>527,693</u>	<u>-0-</u>	<u>-0-</u>	<u>1,304</u>	<u>528,997</u>
161	Land	54,229	-0-	-0-	-0-	54,229
162	Buildings	5,533,901	160,797	-0-	-0-	5,694,698
163	Furniture, equipment & machinery- dwellings	75,252	-0-	-0-	-0-	75,252
164	Furniture, equipment & machinery- administration	79,396	-0-	-0-	-0-	79,396
166	Accumulated depreciation	(3,188,830)	(8,412)	-0-	-0-	(3,197,242)
167	Construction-in-progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>121,144</u>	<u>121,144</u>
160	Total fixed assets, net of accumulated depreciation	<u>2,553,948</u>	<u>152,385</u>	<u>-0-</u>	<u>121,144</u>	<u>2,827,477</u>
180	Total non-current assets	<u>2,553,948</u>	<u>152,385</u>	<u>-0-</u>	<u>121,144</u>	<u>2,827,477</u>
190	Total assets	<u>\$ 3,081,641</u>	<u>\$152,385</u>	<u>\$ -0-</u>	<u>\$122,448</u>	<u>\$ 3,356,474</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED  
SEPTEMBER 30, 2003**

Line Item No.	Account Description	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total (Memorandum Only)
312	Accounts payable ≤ 90 days	\$ 56,407	\$ -0-	\$ -0-	\$ -0-	\$ 56,407
321	Accrued wage/payroll taxes payable	3,052	-0-	-0-	-0-	3,052
322	Accrued compensated absences-current portion	4,590	-0-	-0-	-0-	4,590
331	Accounts payable - HUD PHA programs	15,476	-0-	-0-	-0-	15,476
341	Tenant security deposits	7,990	-0-	-0-	-0-	7,990
347	Interprogram due to	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,304</u>	<u>1,304</u>
310	Total current liabilities	<u>87,515</u>	<u>-0-</u>	<u>-0-</u>	<u>1,304</u>	<u>88,819</u>
353	Noncurrent liabilities - other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
350	Total noncurrent liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
300	Total liabilities	<u>87,515</u>	<u>-0-</u>	<u>-0-</u>	<u>1,304</u>	<u>88,819</u>
504	Net HUD PHA contributions	<u>3,015,778</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,015,778</u>
508	Total contributed capital	<u>3,015,778</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,015,778</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**  
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED  
SEPTEMBER 30, 2003

<u>Line Item No.</u>	<u>Account Description</u>	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total (Memorandum Only)
512	Undesignated fund balance/ retained earnings (deficit)	\$ <u>(21,652)</u>	\$ <u>152,385</u>	\$ <u>-0-</u>	\$ <u>121,144</u>	\$ <u>251,877</u>
513	Total equity	<u>2,994,126</u>	<u>152,385</u>	<u>-0-</u>	<u>121,144</u>	<u>3,267,655</u>
600	Total liabilities and equity	<u>\$3,081,641</u>	<u>\$152,385</u>	<u>\$ -0-</u>	<u>\$122,448</u>	<u>\$3,356,474</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Comprehensive Improvement Assistance Program</u>	<u>Public and Indian Housing Drug Elimination Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
703	Net tenant rental revenue	\$ 90,526	\$ -0-	\$ -0-	\$ -0-	\$ 90,526
704	Tenant revenue - other	<u>3,508</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,508</u>
705	Total tenant revenues	94,034	-0-	-0-	-0-	94,034
706	HUD PHA operating grants	174,777	9,552	2,803	33,955	221,087
706.1	Capital grants	-0-	144,672	-0-	156,070	300,742
711	Investment income - unrestricted	4,392	-0-	-0-	-0-	4,392
715	Other revenue	20,121	-0-	-0-	-0-	20,121
716	Gain/loss on sale of fixed assets	<u>7,770</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>7,770</u>
700	Total revenues	<u>301,094</u>	<u>154,224</u>	<u>2,803</u>	<u>190,025</u>	<u>648,146</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**  
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Comprehensive Improvement Assistance Program</u>	<u>Public and Indian Housing Drug Elimination Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
911	Administrative salaries	\$ 65,460	\$ -0-	\$ -0-	\$ -0-	\$ 65,460
912	Auditing fees	6,100	-0-	-0-	-0-	6,100
914	Compensated absences	503	-0-	-0-	-0-	503
915	Employee benefit contributions- administrative	14,553	-0-	-0-	-0-	14,553
916	Other operating-administrative	116,885	-0-	-0-	-0-	116,885
924	Tenant services-other	6,022	-0-	-0-	-0-	6,022
931	Water	555	-0-	-0-	-0-	555
932	Electricity	3,172	-0-	-0-	-0-	3,172
933	Gas	728	-0-	-0-	-0-	728
941	Ordinary maintenance and operations-labor	<u>53,947</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>53,947</u>
	Page total	<u>267,925</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>267,925</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**  
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Comprehensive Improvement Assistance Program</u>	<u>Public and Indian Housing Drug Elimination Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
942	Ordinary maintenance and operations- materials and other	\$ 3,886	\$ -0-	\$ -0-	\$ -0-	\$ 3,886
943	Ordinary maintenance and operations- contract costs	39,111	-0-	-0-	-0-	39,111
945	Employee benefit contributions- ordinary maintenance	12,856	-0-	-0-	-0-	12,856
961	Insurance premiums	38,989	-0-	-0-	-0-	38,989
963	Payments in lieu of taxes	8,607	-0-	-0-	-0-	8,607
964	Bad debts - tenants	<u>2,671</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,671</u>
969	Total operating expenses	<u>374,045</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>374,045</u>
970	Excess (deficiency) of operating revenues over operating expenses	<u>(72,951)</u>	<u>154,224</u>	<u>2,803</u>	<u>190,025</u>	<u>274,101</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

<u>Line Item No.</u>	<u>Account Description</u>	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public and Indian Housing Drug Elimination Program	Public Housing Capital Fund Program	Total (Memorandum Only)
	Other Expenses:					
971	Extraordinary maintenance	\$ 9,185	\$ -0-	\$ -0-	\$ -0-	\$ 9,185
974	Depreciation expense	<u>194,252</u>	<u>8,412</u>	<u>-0-</u>	<u>-0-</u>	<u>202,664</u>
900	Total expenses	<u>577,482</u>	<u>8,412</u>	<u>-0-</u>	<u>-0-</u>	<u>585,894</u>
	Other Financing Sources (Uses):					
1001	Operating transfers in	46,310	-0-	-0-	-0-	46,310
1002	Operating transfers out	<u>-0-</u>	<u>(9,552)</u>	<u>(2,803)</u>	<u>(33,955)</u>	<u>(46,310)</u>
1000	Excess (deficiency) of revenues over expenses	<u>\$(230,078)</u>	<u>\$136,260</u>	<u>\$ -0-</u>	<u>\$156,070</u>	<u>\$ 62,252</u>
<u>MEMO ACCOUNT INFORMATION</u>						
1103	Beginning equity	<u>\$3,189,278</u>	<u>\$ 16,125</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$3,205,403</u>
1104	Prior period adjustments, equity transfers, and correction of errors	<u>\$ 34,926</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$(34,926)</u>	<u>\$ -0-</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development:		
<u>Subject to Annual Contributions Contract</u>		
Low Rent Public Housing Program	14.850	\$174,777
Public Housing Comprehensive Improvement Assistance Program	14.852*	154,224
Public and Indian Housing Drug Elimination Program	14.854	2,803
Public Housing Capital Fund Program	14.872*	<u>190,025</u>
Total		<u>\$521,829</u>

\*Denotes major program as defined by OMB A-133.

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HACW and is presented on an accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
STATEMENT OF ACTUAL MODERNIZATION COST (COMPLETED)  
FROM INCEPTION THROUGH THE YEAR ENDED SEPTEMBER 30, 2003**

---

	<u>LA 48P123908-99</u>
Funds approved	\$ 210,098
Funds expended	<u>(210,098)</u>
Excess of funds approved	\$ <u>-0-</u>
Funds advanced:	
Grant funding	\$ <u>210,098</u>
Total funds advanced	210,098
Funds expended	<u>(210,098)</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>

NOTE: The costs as shown on the Actual Modernization Cost Certificate for LA48P123908-99 dated June 27, 2003 and submitted to HUD for approval are in agreement with HACW's records and all cost and liabilities associated with it have been paid.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE V

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
STATEMENT OF CAPITAL FUND PROGRAM (INCOMPLETE)  
FROM INCEPTION THROUGH THE YEAR ENDED SEPTEMBER 30, 2003**

	<u>LA 48P123501-00</u>	<u>LA 48P123501-01</u>	<u>LA 48P123501-02</u>	<u>LA 48P123501-03</u>	<u>TOTAL</u>
Funds approved	\$ 237,814	\$ 242,637	\$229,277	\$181,986	\$ 891,714
Funds expended	<u>(237,814)</u>	<u>(177,231)</u>	<u>(12,794)</u>	<u>-0-</u>	<u>(427,839)</u>
Excess of funds approved	<u>\$ -0-</u>	<u>\$ 65,406</u>	<u>\$216,483</u>	<u>\$181,986</u>	<u>\$ 463,875</u>
Funds advanced: Grant funding	<u>\$237,814</u>	<u>\$ 176,672</u>	<u>\$ 12,049</u>	<u>\$ -0-</u>	<u>\$ 426,535</u>
Total funds advanced	<u>(237,814)</u>	176,672	12,049	-0-	426,535
Funds expended	<u>(237,814)</u>	<u>(177,231)</u>	<u>(12,794)</u>	<u>-0-</u>	<u>(427,839)</u>
Excess (deficiency) of funds advanced	<u>\$ -0-</u>	<u>\$ 559</u>	<u>\$ 745</u>	<u>\$ -0-</u>	<u>\$ 1,304</u>

See Independent Auditors' Report on Supplementary Information.



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

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

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

---

Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

We have audited the financial statements of **Housing Authority of the City of Winnfield (HACW)** as of and for the year ended September 30, 2003, and have issued our report thereon dated March 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether **HACW's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

---

(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered HACW's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect HACW's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2003-01.

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 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. Our 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 also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting, which we have reported to management of HACW in a separate letter dated March 19, 2004.

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

---

(CONTINUED)

This report is intended solely for the information and use of the Board of Commissioners, HACW's management, United States Department of Housing and Urban Development, Legislative Auditor, State of Louisiana, and is not intended to, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

March 19, 2004



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

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

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

Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

**Compliance**

We have audited the compliance of **Housing Authority of the City of Winnfield (HACW)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2003. HACW's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of HACW's management. Our responsibility is to express an opinion on HACW's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HACW's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on HACW's compliance with those requirements.

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

In our opinion, HACW complied, in all material respects, with the requirements previously described that are applicable to its major federal programs for the year ended September 30, 2003.

**Internal Control Over Compliance**

The management of HACW is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered HACW's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect HACW's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2003-02 and 2003-03.

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

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 noncompliance with the 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*. Our 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, we believe that the reportable conditions previously described are not material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, HACW's management, the Legislative Auditor, State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

March 19, 2004

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition (s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

***Federal Awards***

Internal Control Over Major Programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 501(c) of Circular A-133? Yes

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

**Section I - Summary of Auditors' Results, Continued**

*Federal Awards, Continued*

Identification of Major Program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.852	Public Housing Comprehensive Improvement Assistance Program
14.872	Public Housing Capital Fund Program

Dollar threshold used to distinguish  
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2003-01

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contributions Contract:

“The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits.”

**Condition**

We noted unidentified amounts totaling \$59,367 classified as amounts payable to HUD in the Low Rent Housing Program. Management is unable to determine the composition of the account balance as well as the basis for recordation of the amounts. As a result of a change in HACW’s fee accountant, we were unable to apply audit procedures to satisfy ourselves as to the validity of the amount at September 30, 2003.

**Questioned Costs**

None.

**Effect**

Noncompliance with Section 15 of the Consolidated Annual Contributions Contract.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2003-01

**Cause**

Lack of an adequate financial reporting system to ensure the accurate reporting of all financial transactions and review of monthly financial package from HACW's fee accountant by the Executive Director or her designee.

**Recommendation**

We recommend that management of HACW review the monthly financial statements received from its fee accountant to ensure that a subsidiary ledger or a detailed composition of the account balance is readily available. In addition, we recommend that HACW contact its previous fee accountant and obtain the detailed composition and/or supporting documentation to facilitate management's resolution.

**Management's Response**

Management will evaluate its existing review procedures in connection with financial statements received from its fee accountant and also coordinate with its current fee accountant to secure all necessary information to ensure the completeness of its financial data.

Anticipated completion date is July 30, 2004.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

2003-02

**Federal Program**

Capital Fund and Drug Elimination Programs (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contributions Contract:

“The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of financial statements and reports in accordance with HUD requirements and to permit timely and effective audits.”

**Condition**

We noted that **HACW** reported \$559 in excess of the combined budgeted amounts for Management Improvements (budget line item 1408) and Fees and Cost (budget line item 1430) for Capital Fund Project No. LA48P123501-01. Also, we noted that **HACW** reported \$2,812.90 in excess of the combined budgeted amounts for Reimbursement Law Enforcement (budgeted line item 9110) and Voluntary Tenant Patrol (budget line item 9140) for Drug Elimination Project No. LA48DEP12401-00. In addition, we were unable to determine if the previously described was the result of overspending in the budget line categories or whether it was a reporting error made by management. However, we did note that **HACW** did not exceed the overall cumulative budgeted amounts for either of the projects.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2003-02

**Questioned Costs**

None.

**Context**

Total federal award received for the Capital Fund and Drug Elimination Programs for the year ended September 30, 2003 was \$192,828.

**Effect**

Noncompliance with budget line item requirements as dictated by HACW's Board and HUD.

**Cause**

*Lack of an adequate budget-to-actual monitoring system.*

**Recommendation**

We recommend that management revise its current financial reporting system to include a budget-to-actual procedure. Such a procedure should facilitate the accurate projection of costs prior to and subsequent to each drawdown from HUD's e-LOCCs system. Furthermore, the revised procedure should assist management to timely identify areas of potential budget overrun.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2003-02

**Management's Response**

Management will evaluate the recommendation and implement the necessary procedures to facilitate the timely identification of budget line item areas of potential cost overrun.

Resolution is expected by July 30, 2004.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2003-03

**Federal Program**

Low Rent Public Housing Program (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contributions Contracts:

“The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits.”

**Condition**

We noted unidentified amounts totaling \$59,367 classified as amounts payable to HUD in the Low Rent Housing Program. Management is unable to determine the composition of the account balance as well as the basis for recordation of the amounts. As a result of a change in HACW's fee accountant, we were unable to apply audit procedures to satisfy ourselves as to the validity of the amount at September 30, 2003.

**Questioned Costs**

None.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2003-03

**Context**

Total federal award received for the Low Rent Public Housing Program for the year ended September 30, 2003 was \$174,777.

**Effect**

Noncompliance with Section 15 of the Consolidated Annual Contributions Contract.

**Cause**

Lack of an adequate financial reporting system to ensure the accurate reporting of all financial transactions and review of monthly financial package from HACW's fee accountant by the Executive Director or her designee.

**Recommendation**

We recommend that management of HACW review the monthly financial statements received from its fee accountant to ensure that a subsidiary ledger or a detailed composition of the account balance is readily available. In addition, we recommend that HACW contact its previous fee accountant and obtain the detailed composition and/or supporting documentation to facilitate management's resolution.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2003-03

**Management's Response**

Management will evaluate its existing review procedures in connection with financial statements received from its fee accountant and also coordinate with its current fee accountant to secure all necessary information to ensure the completeness of its financial data.

Anticipated completion date is July 30, 2004.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

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

**Reference Numbers**

2002-01 and 2002-06

**Condition**

The operations of HACW's internal control over financial reporting exhibited the following deficiencies:

- Our review of thirty-four (34) cash disbursements revealed twenty-seven (27) instances where mathematical verifications were not performed on the invoices prior to payment;
- Of the thirty-four (34) cash disbursements referenced above, we noted one (1) instance where the amount paid of \$49.08 differed from the invoice amount of \$99.31;
- Our review of thirty-four (34) cash disbursements revealed six (6) instances where no invoices were available to support the disbursements;
- Also, further review of the thirty-four (34) cash disbursements revealed twenty-seven (27) instances where invoices were not stamped paid to denote the status of the invoices;

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

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

**Reference Numbers, Continued**

2002-01 and 2002-06

**Condition, Continued**

- Management and the Board of Commissioners are not receiving for review and analysis on a current basis, monthly financial statements to include budgeted to actual variance reports;
- HACW does not have an updated accounting policy and procedural manual; and
- HACW during the year ended September 30, 2002, had no system in place to ensure the timely filing of all required reports such as "PHMAP," "MASS", "AMCC", and IRS Form 941, etc.

**Recommendation**

Management should re-evaluate the current internal control with an aim towards improving the existing procedures and processes to include greater management oversight. The evaluation should consider conditions such as the reconciliation of subsidiary and control ledgers, verifying clerical accuracy of invoices prior to payment and the cancellation of paid invoices to minimize, if not eliminate, the potential for duplicate payments. A reporting matrix system should be established to ensure the timely reporting and submission of all required reports.

In addition, current monthly financial statements to include budgeted to actual reports, should be submitted to management and the Board of Commissioners for review and analysis.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

---

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

**Reference Numbers, Continued**

2002-01 and 2002-06

**Recommendation, Continued**

Also, management should develop and formalize an accounting policy and procedural manual.

**Current Status**

Effective September 15, 2003, the HACW has established a cash disbursement policy to address issues of segregation, check signing, invoices and travel voucher.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

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

**Reference Numbers**

2002-02 and 2002-07

**Condition**

Our review of HACW's banking relationships with its financial institution revealed the lack of adequate collateral coverage with its financial institution to secure all funds on deposit in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$100,000. Total amount of collected funds on deposit at September 30, 2002, was \$514,489, to total collateral amount including FDIC limit of \$283,107 resulting in an undercollateralization of \$231,382. Confirmation from HACW's financial institution revealed an increase in collateral in November 2002.

**Recommendation**

We recommend that management establish the necessary procedures to monitor the collateralization coverage on a periodic basis. The procedures should also include the timely review of the adequacy of collateral.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

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

**Reference Number**

2002-03

**Condition**

The September 30, 2002, audited financial statements and reports for **HACW** were not submitted within the timeframe dictated by LA R.S. 24:513.

**Recommendation**

We recommend that **HACW** undertake the necessary action to facilitate the timely submission of its audited financial statements and reports within the established timeframe.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

---

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

**Reference Number**

2002-04

**Condition**

Our review of five (5) Low Rent Public Housing Program tenant files revealed the following conditions:

- One (1) instance where tenant's file lacked evidence of "MTCS" (Multifamily Tenant Characteristics System) submission and acceptance;
- One (1) instance where tenant's file lacked an annual re-examination of family income and composition;
- One (1) instance where tenant's file was not available for our review; and
- One (1) instance where tenant's file lacked Form HUD 50058 (Family Report) covering the audit period.

**Recommendation**

We recommend that management of HACW continue to improve its established processes, policies and procedures necessary to ensure that all tenant files contain required documentation. In addition, management should develop procedures that ensure the timely follow-up and conclusion of the tenant certification or re-certification process, as applicable.

**Current Status**

Resolved.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

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

**Reference Number**

2002-05

**Condition**

Our review of Form HUD 52723 revealed the untimely submission of information to HUD in accordance with the requirements of 24 CFR. The minutes of the Board of Commissioners reflects an approval at the September 16, 2002, board meeting.

**Recommendation**

We recommend that HACW implement the necessary procedures to ensure the timely submission of all required reports.

**Current Status**

Management continues to work on a timely submission of its operating budget in accordance with HUD requirements. The September 30, 2004 budget will be submitted within the required timeline.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

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

**Reference Number**

2002-08

**Condition**

HACW is behind in the lease-up of its Low Rent Program units. At September 30, 2002, total units available for lease was 118 versus total number of units leased of 62.

**Recommendation**

We recommend that management develop an outreach program that addresses the low vacancy rate in its Low Rent Program.

**Current Status**

At September 30, 2003 the leased-up for the Low Rent Program is 63 units. Management continues through its capital improvement efforts to ready units for occupancy.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

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

**Reference Numbers**

2000-01 and 2000-04

**Condition**

We were unable to obtain supporting documents such as approved application for payment and invoices for disbursements made. It is our understanding that **HACW** has not been able to contact its consultant to secure the necessary documents.

Specifically, HUD Form 50080-CIAP (Comprehensive Improvement Assistance Program (CIAP) Payment Voucher in the amount of \$88,986 dated May 28, 2000, had as supporting documentation, a note indicating "grant close-out". We were unable to secure adequate documentation to support the expenses incurred.

**Current Status**

The new management of **HACW** continues to undertake efforts aimed at improving internal control. Ultimate resolution of this finding rests with HUD.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**

**EXIT CONFERENCE**

---

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

Those that participated in the discussions are as follows:

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**

---

Ms. Deborah McGinnis – Executive Director

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

---

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA – Partner  
Mrs. Latona Thomas, CPA – Supervisor  
Mr. Victor Robinson – Senior Accountant



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

RECEIVED  
APR 7 2004  
04 APR -7 AM 11:22

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

## INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**

In planning and performing our audit of the financial statements of **Housing Authority of the City of Winnfield (HACW)** as of and for the year ended September 30, 2003, we considered HACW's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal control and improving operating efficiency. We previously reported on HACW's internal control in our report dated March 19, 2004. This letter does not affect our report dated March 19, 2004, on HACW's internal control or its financial statements.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with management of HACW, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

## **INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

### *Current Year's Comments*

The following summarizes our comments and suggestions concerning those matters:

#### **Condition**

The bank reconciliations and financial statements prepared by HACW's fee accountant were neither reviewed nor approved by an appropriate member of management.

#### **Recommendation**

We recommend that management review and approve all work prepared by its fee accountant.

#### **Management's Response**

Management will evaluate the recommendation and undertake the necessary policy revision by no later than May 28, 2004.

#### **Condition**

HACW's detail inventory subsidiary ledger (i.e. detail listing of all fixed assets) did not agree to its general ledger control account.

#### **Recommendation**

We recommend that management reconcile the inventory subsidiary ledger (both capitalized and noncapitalized assets) to the general ledger control account and all reconciling items identified with the necessary corrections made to the subsidiary ledger and/or journal entries prepared and posted to the general ledger in a timely manner.

#### **Management's Response**

Management will discuss the above condition with its fee accountant and ensure resolution by no later than June 30, 2004.

## INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

### *Current Year's Comments, Continued*

#### Condition

Our review of HACW's cash disbursement cycle revealed the lack of procedures to ensure the mathematical verification of invoices prior to approval for payment in addition to procedures to prevent the duplicate payment of vendor's invoices.

#### Recommendation

We recommend that HACW revisit with its current cash disbursement procedures to ensure that all invoices are mathematically verified prior to approval for payment and establish procedures to prevent the duplicate payment of invoices.

#### Management's Response

Effective September 15, 2003, management has implemented a cash disbursement policy to address the above condition.

#### Condition

Subsidiary ledgers provided by HACW's fee accountant did not reflect the detailed composition of balances by budget line item categories for the Capital Fund and Drug Elimination programs.

#### Recommendation

We recommend that the management of HACW confer with its fee accountant to ensure that all subsidiary ledgers contain the detailed composition of the respective general ledger control account and that the two are reconciled on a periodic basis.

#### Management's Response

Management will discuss with its fee accountant, resolution to the referenced condition. Anticipated completion date is August 31, 2004.

## **INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

### *Current Year's Comments, Continued*

#### **Condition**

While we noted that the Capital Fund Program (LA48P123501-00) has been fully expended, we were unable to report on its official closure because management was unable to locate the Actual Modernization Cost Certificate (AMCC). As such, the above referenced project is reflected in the audit report as incomplete.

#### **Recommendation**

We recommend that management of **HACW** continue in its efforts to locate the above referenced AMCC so that the project can be reflected as completed in accordance with HUD's requirements.

#### **Management's Response**

Management will address the above condition by no later than June 30, 2004.

## INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

### *Status of Prior Years' Comments*

#### Condition

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

#### Recommendation

We recommend that management actively participate in all aspects of the internal control processes.

#### Current Status

Management continues to participate at various levels of the internal control processes to provide the necessary safeguarding of HACW's assets.

#### Condition

HACW does not have a disaster recovery system in place for its program and accounting and accounting related data.

#### Recommendation

The HACW should develop a disaster recovery plan to minimize, if not eliminate, the potential loss and related cost that may result from a disaster.

#### Current Status

Management anticipates the development of a disaster recovery system by no later than July 31, 2004.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

*Status of Prior Years' Comments, Continued*

**Condition**

IRS Form 941 for the second quarter June 30, 2002, was unavailable for our review.

**Recommendation**

Management should locate its IRS Form 941 reports and file accordingly.

**Current Status**

All IRS Form 941s for the September 30, 2003 fiscal year end were made available to the auditors in connection with the audit of HACW's records.

\*\*\*\*\*

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

March 19, 2004