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

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

FOR THE YEAR ENDED SEPTEMBER 30, 2004

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 6/8/05

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets--enterprise fund and the related statements of revenues, expenses and changes in fund net assets and cash flows--enterprise fund of **Housing Authority of the City of Winnfield (HACW)**, as of and for the year ended September 30, 2004. 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, 2004, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of the City of Winnfield
Winnfield, Louisiana
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As described in NOTE 1, HACW has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as of and for the year ended September 30, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2005, 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 instances of noncompliance.

The management's discussion and analysis on pages 3 through 6 is not a required part of the *accompanying financial statements* but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 17, 2005

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

INTRODUCTION TO FINANCIAL STATEMENTS

Housing Authority of the City of Winnfield (HACW) complied with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governmentals (GASB 34)*, effective with the year ended September 30, 2004.

Management believes that GASB 34 financial statements provide useful information because these statements show not only the short-term results of operations but also the long-term financial picture.

In GASB 34 terms, **HACW** has only one fund, the Enterprise Fund, and engages in only one type of activity. A Statement of Net Assets and Statement of Revenues, Expenses and Changes in Fund Net Assets shown on pages 7 and 8, show the results of operations and financial position using the *total economic resources* measurement focus and the *accrual basis* of accounting, which emphasize the long-term financial picture and are very similar to the financial statements of private sector for profit enterprises.

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS

The basic financial statements of **HACW** comprises of the Statement of Net Assets, (shows assets and liabilities separated into current and noncurrent and net assets) and Statement of Revenues and Expenses and Changes in Fund Net Assets which uses the *full accrual* basis of accounting with revenues recognized when earned and expenses when incurred, regardless of the timing in the receipt or the disbursement. The notes to the financial statements provide additional information that is essential to a full understanding of the financial data provided in the basic financial statements. The measurement focus is the total economic resources of **HACW**.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS, CONTINUED

Because **HACW** implemented GASB 34 during the year September 30, 2004, no comparative data and/or analysis is presented for the current year.

The following provides condensed information from the Statement of Net Assets as of September 30, 2004.

Statement of Net Assets

Current assets	\$ 283,589
Capital assets (net)	<u>3,339,718</u>
Total assets	<u>3,623,307</u>
Current liabilities	87,276
Non-current liabilities	<u>9,499</u>
Total liabilities	<u>96,775</u>
Net assets	<u>\$3,526,532</u>

HACW assets exceeds its liabilities by \$3,526,532 the largest portion of **HACW** net assets reflects its investment in capital assets. These capital assets are used to provide part of its revenue source and consequently these assets are not available to liquidate liabilities or other spending. The unrestricted net assets of \$186,814 at September 30, 2004, may be used to met **HACW's** on-going obligations to citizens and creditors.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENT, CONTINUED

The following provides condensed information from the Statement of Revenues, Expenses and Changes in Fund Net Assets for the year ended September 30, 2004:

Statement of Revenues, Expenses and Changes in Fund Net Assets	
Operating revenues	\$ 135,068
Operating expenses	<u>(645,084)</u>
Operating loss	<u>(510,016)</u>
Non-operating revenues	<u>706,157</u>
Change in net assets	<u>196,141</u>
Net assets, beginning of year, as restated	<u>3,330,391</u>
Net assets, end of year	<u><u>\$3,526,532</u></u>

HACW receives approximately 84% percent of its revenues in the form of subsidy from Federal grants. Changes in subsidy are impacted primarily by funding availability at the Federal level.

Its major expenses include depreciation expense, salaries and related benefits. Those cost are exposed to inflationary pressures during the course of any given period.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

CAPITAL ASSETS AND DEBT ADMINISTRATION

HACW investment in capital assets amounts to \$3,339,718 net of accumulated depreciation at September 30, 2004.

A summary of its composition follows:

Land and land improvements	\$ 82,689
Building and building improvements	5,951,453
Equipment	189,166
Construction-in-progress	<u>518,149</u>
Sub-total	6,741,457
Less accumulated depreciation	<u>(3,401,739)</u>
Total	<u>\$ 3,339,718</u>

Additions of \$729,482 for the year ended September 30, 2004, was made possible through capital fund grants from the Federal government.

At September 30, 2004, **HACW** had no debt obligations in the form of loans, bonds, etc.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

HACW is primarily dependent upon Federal funding for its operations; therefore, it is affected more by Federal budget than by local economic conditions. **HACW's** operating subsidy calculation has been submitted for approval with no major changes anticipated in the subsidy amount. **HACW's** capital fund programs are multiple year budgets and have remained relatively stable.

REQUEST FOR INFORMATION

This information report is designed to provide a general overview of **HACW** finances for all those with an interest in **HACW's** finances and should be read in conjunction with **HACW's** accompanying audited financial statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director Housing Authority of Winnfield, 901 Neil Wagoner Drive, P. O. Box 1413, Winnfield, Louisiana 71483.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
STATEMENT OF NET ASSETS--ENTERPRISE FUND
SEPTEMBER 30, 2004

ASSETS

Current Assets:

Cash (NOTE 2)	\$ 235,296
Restricted cash (NOTE 3)	9,760
Amounts receivable, net (NOTE 11)	15,342
Prepaid items and other assets (NOTE 9)	<u>23,191</u>
Total current assets	<u>283,589</u>

Non-Current Assets:

Capital assets, net (NOTES 4, AND 10)	<u>3,339,718</u>
Total non-current assets	<u>3,339,718</u>
Total assets	<u>3,623,307</u>

LIABILITIES

Current Liabilities:

Amounts and other payable (NOTE 5)	76,461
Compensated absences payable (NOTE 14)	1,055
Security deposits held for tenants (NOTE 3)	<u>9,760</u>
Total current liabilities	<u>87,276</u>

Non-Current Liabilities:

Compensated absences payable (NOTE 14)	<u>9,499</u>
Total non-current liabilities	<u>9,499</u>

NET ASSETS

Invested in capital assets, net of related debt	3,339,718
Unrestricted	<u>186,814</u>
Total net assets	<u>\$3,526,532</u>

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

HOUSING AUTHORITY OF THE CITY OF WINNFELD
WINNFELD, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Operating Revenues:	
Dwelling rental	\$ 126,644
Fees and charges	<u>8,424</u>
Total operating revenues	<u>135,068</u>
Operating Expenses:	
Salaries and employee benefits	185,927
Repairs and maintenance	10,025
Contractual services	92,756
Utilities	4,888
Garbage and trash removal	144
Depreciation	217,241
Insurance	42,633
Convention and travel	21,971
Payments in lieu of taxes	12,176
Telephone	14,452
Office supplies and printing	25,708
Bad debt	10,191
Postage	2,118
General	<u>4,854</u>
Total operating expenses	<u>645,084</u>
Operating loss	<u>(510,016)</u>
Non-operating Revenues:	
Federal grants and subsidies	681,090
Local government grant	12,176
Interest income	2,288
Gain on sale of capital assets	1,402
Other	<u>9,201</u>
Total non-operating revenues	<u>706,157</u>
Change in net assets	<u>196,141</u>
Net assets, beginning of year, as restated (NOTE 13)	<u>3,330,391</u>
Net assets, end of year	<u><u>\$3,526,532</u></u>

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

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Cash Flows from Operating Activities:	
Receipts from tenants	\$ 122,851
Payments to suppliers	(258,062)
Payments to employees	(141,469)
Other	<u>29,027</u>
Net cash used in operating activities	<u>(247,653)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	<u>(729,482)</u>
Cash used in capital and related financing activities	<u>(729,482)</u>
Cash Flow from Investing Activities:	
Proceeds from the sale of investments	26,456
Proceeds from the sale of capital assets	<u>12,744</u>
Cash provided by investing activities	<u>39,200</u>
Cash Flow from Noncapital Financing Activities:	
Subsidy from federal grants	681,090
Local government grant	12,176
Other	<u>11,489</u>
Cash provided by noncapital financing activities	<u>704,755</u>
Net decrease in cash	(233,180)
Cash, beginning of year	<u>478,236</u>
Cash, end of year	<u>\$ 245,056</u>

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

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Reconciliation of Operating Loss to Net Cash Used
in Operating Activities:

Operating loss	\$ (510,016)
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Adjustments to reconcile operating loss to net cash
used in operating activities:

Adjustment to beginning net assets	46,482
Depreciation	217,241
Bad debt	10,191
Gain on sale of capital assets	(1,402)
Changes in assets and liabilities:	
Increase in amounts receivable	(13,987)
Increase in prepaid items and other assets	(1,545)
Decrease in amounts and other payable	(2,351)
Increase in compensated absences payable	5,964
Increase in accrued payments in lieu of taxes	<u>1,770</u>

Net cash used in operating activities	\$ <u>(247,653)</u>
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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, 2004, **HACW** was primarily engaged in the administration of Low-Rent Public Housing Program to low-income residents in Winnfield, Louisiana.

Under the Low-Rent Public Housing 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. Accordingly, **HACW** is not a component unit of the financial reporting entity of the City of Winnfield.

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

Measurement Focus and Basis of Accounting and Financial
Statement of Presentation

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

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

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

NOTE 1 - Background and General Data, Continued

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

- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

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

**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 the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, **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.

Capital Assets

Capital assets are recorded at cost or estimated costs. 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

Capital Assets, 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:

At September 30, 2004, the carrying amount of **HACW's** cash was \$235,296. The cumulative bank balances was \$243,376.

Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **HACW**. Custodial credit risk is the risk that, in the event of a failure by the financial institution, **HACW's** deposits may not be returned to it. **HACW's** has no deposit policy for custodial credit risk; however, none of **HACW's** bank balances were exposed to custodial credit risk, since the pledged securities were in the joint name of **HACW** and the financial institution.

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

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

NOTE 2 - Cash, Continued:

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

NOTE 3 - Restricted Cash:

At September 30, 2004, restricted cash consisted of \$9,760 in security deposits received and held on behalf of tenants. These deposits are stated at costs, which approximates market.

NOTE 4 - Capital Assets:

At September 30, 2004, capital assets consisted of the following:

	Balance October 1, <u>2003</u>	<u>Additions</u>	<u>Retirements</u>	Balance September 30, <u>2004</u>
Land and land improvements	\$ 54,229	\$ 28,460	\$ -0-	\$ 82,689
Buildings and building improvements	5,694,698	256,755	-0-	5,951,453
Construction-in-progress	121,144	397,005	-0-	518,149
Equipment	<u>154,648</u>	<u>47,262</u>	<u>(12,744)</u>	<u>189,166</u>
Sub-total	6,024,719	729,482	(12,744)	6,741,457
Less accumulated depreciation	<u>(3,197,242)</u>	<u>(217,241)</u>	<u>12,744</u>	<u>(3,401,739)</u>
Total	<u>\$ 2,827,477</u>	<u>\$ 512,241</u>	<u>\$ -0-</u>	<u>\$ 3,339,718</u>

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

NOTE 5 - Amounts and Other Payable:

At September 30, 2004, amounts and other payable consisted of the following:

Vendors	\$ 3,009
Salaries and payroll taxes payable	7,146
HUD	<u>66,306</u>
Total	<u>\$76,461</u>

NOTE 6 - 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 7 - 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 8 - 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 9 - Prepaid Items and Other Assets:

At September 30, 2004, prepaid items and other assets consisted of the following:

Prepaid insurance	\$18,477
Inventories, net	<u>4,714</u>
Total	<u>\$23,191</u>

NOTE 10 - Commitments:

At September 30, 2004, **HACW** has executed agreements with HUD totaling \$1,143,108 for various modernization, capital projects and drug abatement activities in progress. Balance of funds remaining at September 30, 2004, was \$246,129. (see Schedule V).

NOTE 11 - Amounts Receivable:

At September 30, 2004, amounts receivable consisted of the following:

Amounts receivable - tenant	\$ 9,508
Amounts receivable - HUD	<u>15,246</u>
Sub-total	24,754
Less allowance for doubtful accounts	<u>(9,412)</u>
Total	<u>\$15,342</u>

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

NOTE 12 - Per Diem to Board Members:

During the year ended September 30, 2004, no board member received per diem in his or her capacity as commissioner.

NOTE 13 - Adjustments to Beginning Net Assets:

Adjustments to beginning net assets, reflect the cumulative effect of adjustments resulting from the conversion requirements of GASB 34.

NOTE 14 - Changes in Compensated Absences Payable:

The following is a summary of changes in compensated absences payable:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Beginning of year	\$ -0-	\$4,590	\$ 4,590
Additions	<u>1,055</u>	<u>4,909</u>	<u>5,964</u>
End of year	<u>\$1,055</u>	<u>\$9,499</u>	<u>\$10,554</u>

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
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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 17, 2005

EXHIBIT I

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND
SEPTEMBER 30, 2004**

<u>ASSETS</u>	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public Housing Capital Fund Program	Public and Indian Housing Drug Elimination Program	Total (Memorandum Only)
Cash	\$ 235,296	\$-0-	\$ -0-	\$ -0-	\$ 235,296
Restricted cash	9,760	-0-	-0-	-0-	9,760
Amounts receivable, net	15,342	-0-	-0-	-0-	15,342
Prepaid items	18,477	-0-	-0-	-0-	18,477
Inventories, net	4,714	-0-	-0-	-0-	4,714
Capital assets, net	<u>2,775,618</u>	<u>-0-</u>	<u>535,640</u>	<u>28,460</u>	<u>3,339,718</u>
Total assets	<u>3,059,207</u>	<u>-0-</u>	<u>535,640</u>	<u>28,460</u>	<u>3,623,307</u>
 <u>LIABILITIES AND NET ASSETS</u>					
Liabilities:					
Amounts and other payable	76,461	-0-	-0-	-0-	76,461
Compensated absences payable	10,554	-0-	-0-	-0-	10,554
Security deposits held for tenants	<u>9,760</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,760</u>
Total liabilities	<u>96,775</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>96,775</u>
Net Assets:					
Invested in capital assets, net of related debt	2,775,618	-0-	535,640	28,460	3,339,718
Unrestricted	<u>186,814</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>186,814</u>
Total net assets	<u>\$2,962,432</u>	<u>\$-0-</u>	<u>\$535,640</u>	<u>\$28,460</u>	<u>\$3,526,532</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
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public Housing Capital Fund Program	Public and Indian Housing Drug Elimination Program	Total (Memorandum Only)
Operating Revenues:					
Dwelling rental	\$ 126,644	\$-0-	\$ -0-	\$ -0-	\$ 126,644
Fees and charges	<u>8,424</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>8,424</u>
Total operating revenues	<u>135,068</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>135,068</u>
Operating Expenses:					
Salaries and employee benefits	185,927	-0-	-0-	-0-	185,927
Office supplies and printing	25,708	-0-	-0-	-0-	25,708
Contractual services	92,224	-0-	-0-	532	92,756
Utilities	4,888	-0-	-0-	-0-	4,888
Garbage and trash removal	144	-0-	-0-	-0-	144
Depreciation	208,505	-0-	8,736	-0-	217,241
Insurance	42,633	-0-	-0-	-0-	42,633
Convention and travel	21,971	-0-	-0-	-0-	21,971
Payments in lieu of taxes	12,176	-0-	-0-	-0-	12,176
Postage	2,118	-0-	-0-	-0-	2,118
General	4,854	-0-	-0-	-0-	4,854
Telephone	14,452	-0-	-0-	-0-	14,452
Repairs and maintenance	10,025	-0-	-0-	-0-	10,025
Bad debt	<u>10,191</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>10,191</u>
Total operating expenses	<u>635,816</u>	<u>-0-</u>	<u>8,736</u>	<u>532</u>	<u>645,084</u>
Operating loss	<u>(500,748)</u>	<u>-0-</u>	<u>(8,736)</u>	<u>(532)</u>	<u>(510,016)</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
FUND NET ASSETS--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public Housing Capital Fund Program	Public and Indian Housing Drug Elimination Program	Total (Memorandum Only)
Non-operating Revenues:					
Federal grants and subsidies	\$ 182,956	\$ -0-	\$469,142	\$28,992	\$ 681,090
Local government grant	12,176	-0-	-0-	-0-	12,176
Interest income	2,288	-0-	-0-	-0-	2,288
Gain on sale of fixed assets	1,402	-0-	-0-	-0-	1,402
Other	<u>9,201</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,201</u>
Total non-operating revenues	<u>208,023</u>	<u>-0-</u>	<u>469,142</u>	<u>28,992</u>	<u>706,157</u>
Net income (loss) before other financing sources (uses)	(292,725)	-0-	460,406	28,460	196,141
Other Financing Sources (Uses):					
Operating transfer in	232,248	-0-	-0-	-0-	232,248
Operating transfer (out)	<u>-0-</u>	<u>(152,385)</u>	<u>(79,863)</u>	<u>-0-</u>	<u>(232,248)</u>
Total other financing sources (uses)	<u>232,248</u>	<u>(152,385)</u>	<u>(79,863)</u>	<u>-0-</u>	<u>-0-</u>
Net income (loss)	(60,477)	(152,385)	380,543	28,460	196,141
Net assets, beginning of year, as restated	<u>3,022,909</u>	<u>152,385</u>	<u>155,097</u>	<u>-0-</u>	<u>3,330,391</u>
Net assets, end of year	<u>\$2,962,432</u>	<u>\$ -0-</u>	<u>\$535,640</u>	<u>\$28,460</u>	<u>\$3,526,532</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, 2004

<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 Housing Capital Fund Program</u>	<u>Public and Indian Housing Drug Elimination Program</u>	<u>Total (Memorandum Only)</u>
111	Cash-unrestricted	\$235,296	\$-0-	\$-0-	\$-0-	\$235,296
114	Cash-tenant security deposits	<u>9,760</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,760</u>
100	Total cash	<u>245,056</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>245,056</u>
122	Accounts receivable - HUD other projects	15,246	-0-	-0-	-0-	15,246
126	Accounts receivable - tenants dwelling rents	9,508	-0-	-0-	-0-	9,508
126.1	Allowance for doubtful accounts - dwelling rents	<u>(9,412)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(9,412)</u>
120	Total receivables, net of allowance for doubtful accounts	<u>15,342</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>15,342</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, 2004**

<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 Housing Capital Fund Program</u>	<u>Public and Indian Housing Drug Elimination Program</u>	<u>Total (Memorandum Only)</u>
142	Prepaid expenses and other assets	\$ 18,477	\$-0-	\$ -0-	\$ -0-	\$ 18,477
143	Inventories	4,725	-0-	-0-	-0-	4,725
143.1	Allowance for obsolete inventories	(11)	-0-	-0-	-0-	(11)
150	Total current assets	<u>283,589</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>283,589</u>
161	Land	54,229	-0-	-0-	28,460	82,689
162	Buildings	5,951,453	-0-	-0-	-0-	5,951,453
163	Furniture, equipment & machinery- dwellings	86,427	-0-	26,227	-0-	112,654
164	Furniture, equipment & machinery- administration	76,512	-0-	-0-	-0-	76,512
166	Accumulated depreciation	(3,393,003)	-0-	(8,736)	-0-	(3,401,739)
167	Construction-in-progress	-0-	-0-	518,149	-0-	518,149
160	Total capital assets, net of accumulated depreciation	<u>2,775,618</u>	<u>-0-</u>	<u>535,640</u>	<u>28,460</u>	<u>3,339,718</u>
180	Total non-current assets	<u>2,775,618</u>	<u>-0-</u>	<u>535,640</u>	<u>28,460</u>	<u>3,339,718</u>
190	Total assets	<u>\$ 3,059,207</u>	<u>\$-0-</u>	<u>\$535,640</u>	<u>\$28,460</u>	<u>\$ 3,623,307</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, 2004

Line Item No.	Account Description	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public Housing Capital Fund Program	Public and Indian Housing Drug Elimination Program	Total (Memorandum Only)
312	Accounts payable ≤ 90 days	\$ 3,009	\$-0-	\$ -0-	\$ -0-	\$ 3,009
321	Accrued wage/payroll taxes payable	7,146	-0-	-0-	-0-	7,146
322	Accrued compensated absences-current portion	1,055	-0-	-0-	-0-	1,055
331	Accounts payable - HUD PHA programs	66,306	-0-	-0-	-0-	66,306
341	Tenant security deposits	<u>9,760</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,760</u>
310	Total current liabilities	<u>87,276</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>87,276</u>
354	Accrued compensated absences-non-current	<u>9,499</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,499</u>
350	Total noncurrent liabilities	<u>9,499</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>9,499</u>
300	Total liabilities	<u>96,775</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>96,775</u>
508.1	Invested in capital assets, net of related debt	<u>2,775,618</u>	<u>-0-</u>	<u>535,640</u>	<u>28,460</u>	<u>3,339,718</u>
512	Unrestricted net assets	<u>186,814</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>186,814</u>
513	Total net assets	<u>2,962,432</u>	<u>-0-</u>	<u>535,640</u>	<u>28,460</u>	<u>3,526,532</u>
600	Total liabilities and net assets	<u>\$3,059,207</u>	<u>\$-0-</u>	<u>\$535,640</u>	<u>\$28,460</u>	<u>\$3,623,307</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, 2004

<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 Housing Capital Fund Program</u>	<u>Public and Indian Housing Drug Elimination Program</u>	<u>Total (Memorandum Only)</u>
703	Net tenant rental revenue	\$ 126,644	\$ -0-	\$ -0-	\$ -0-	\$ 126,644
704	Tenant revenue - other	<u>8,424</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>8,424</u>
705	Total tenant revenues	135,068	-0-	-0-	-0-	135,068
706	HUD PHA operating grants	182,956	-0-	79,863	532	263,351
706.1	Capital grants	-0-	-0-	389,279	28,460	417,739
711	Investment income - unrestricted	2,288	-0-	-0-	-0-	2,288
715	Other revenue	21,377	-0-	-0-	-0-	21,377
716	Gain/loss on sale of fixed assets	<u>1,402</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,402</u>
700	Total revenues	<u>343,091</u>	<u>-0-</u>	<u>469,142</u>	<u>28,992</u>	<u>841,225</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, 2004

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Improvement Assistance Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Public and Indian Housing Drug Elimination Program</u>	<u>Total (Memorandum Only)</u>
911	Administrative salaries	\$ 80,015	\$-0-	\$-0-	\$-0-	\$ 80,015
912	Auditing fees	7,300	-0-	-0-	-0-	7,300
914	Compensated absences	5,965	-0-	-0-	-0-	5,965
915	Employee benefit contributions- administrative	20,282	-0-	-0-	-0-	20,282
916	Other operating-administrative	81,775	-0-	-0-	-0-	81,775
921	Tenant services - salaries	1,080	-0-	-0-	-0-	1,080
924	Tenant services - other	50	-0-	-0-	-0-	50
931	Water	366	-0-	-0-	-0-	366
932	Electricity	3,540	-0-	-0-	-0-	3,540
933	Gas	982	-0-	-0-	-0-	982
938	Other utilities expense	144	-0-	-0-	-0-	144
941	Ordinary maintenance and operations-labor	<u>60,373</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>60,373</u>
	Page total	<u>261,872</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>261,872</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, 2004

<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 Housing Capital Fund Program</u>	<u>Public and Indian Housing Drug Elimination Program</u>	<u>Total (Memorandum Only)</u>
942	Ordinary maintenance and operations- materials and other	\$ 9,893	\$-0-	\$ -0-	\$ -0-	\$ 9,893
943	Ordinary maintenance and operations- contract costs	3,149	-0-	-0-	532	3,681
945	Employee benefit contributions- ordinary maintenance	18,212	-0-	-0-	-0-	18,212
961	Insurance premiums	42,633	-0-	-0-	-0-	42,633
962	Other general expense	69,053	-0-	-0-	-0-	69,053
963	Payments in lieu of taxes	12,176	-0-	-0-	-0-	12,176
964	Bad debts - tenants rents	<u>10,191</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>10,191</u>
969	Total operating expenses	<u>427,179</u>	<u>-0-</u>	<u>-0-</u>	<u>532</u>	<u>427,711</u>
970	Excess (deficiency) of operating revenues over operating expenses	<u>(84,088)</u>	<u>-0-</u>	<u>469,142</u>	<u>28,460</u>	<u>413,514</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, 2004

Line Item No.	Account Description	Low Rent Public Housing Program	Public Housing Comprehensive Improvement Assistance Program	Public Housing Capital Fund Program	Public and Indian Housing Drug Elimination Program	Total (Memorandum Only)
	Other Expenses:					
971	Extraordinary maintenance	\$ 132	\$ -0-	\$ -0-	\$ -0-	\$ 132
974	Depreciation expense	<u>208,505</u>	<u>-0-</u>	<u>8,736</u>	<u>-0-</u>	<u>217,241</u>
900	Total expenses	<u>635,816</u>	<u>-0-</u>	<u>8,736</u>	<u>532</u>	<u>645,084</u>
	Other Financing Sources (Uses):					
1001	Operating transfers in	232,248	-0-	-0-	-0-	232,248
1002	Operating transfers out	<u>-0-</u>	<u>(152,385)</u>	<u>(79,863)</u>	<u>-0-</u>	<u>(232,248)</u>
1010	Total other financing sources (uses)	<u>232,248</u>	<u>(152,385)</u>	<u>(79,863)</u>	<u>-0-</u>	<u>-0-</u>
1000	Excess (deficiency) of revenues over expenses	<u>\$(60,477)</u>	<u>\$(152,385)</u>	<u>\$380,543</u>	<u>\$28,460</u>	<u>\$ 196,141</u>
MEMO ACCOUNT INFORMATION						
1103	Beginning equity	\$ (21,652)	\$152,385	\$ 121,144	\$ -0-	\$ 251,877
1104	Prior period adjustments, equity transfers, and correction of errors	<u>3,044,561</u>	<u>-0-</u>	<u>33,953</u>	<u>-0-</u>	<u>3,078,514</u>
	Beginning equity, as adjusted	<u>\$3,022,909</u>	<u>\$152,385</u>	<u>\$155,097</u>	<u>\$ -0-</u>	<u>\$3,330,391</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, 2004**

<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	\$182,956
Public and Indian Housing Drug Elimination Program	14.854	28,992
Public Housing Capital Fund Program	14.872*	<u>469,142</u>
Total		<u>\$681,090</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 CAPITAL FUND PROGRAM (COMPLETED)
FROM INCEPTION THROUGH THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>LA 48P123501-00</u>	<u>LA 48P123501-01</u>	<u>LA 48P123501-02</u>	<u>TOTAL</u>
Funds approved	\$ 237,814	\$ 242,637	\$ 229,277	\$ 709,728
Funds expended	<u>(237,814)</u>	<u>(242,637)</u>	<u>(229,277)</u>	<u>709,728</u>
Excess of funds approved	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Funds advanced: Grant funding	\$ 237,814	\$ 242,637	\$ 229,277	709,728
Total funds advanced	<u>237,814</u>	<u>242,637</u>	<u>229,277</u>	<u>709,728</u>
Funds expended	<u>(237,814)</u>	<u>(242,637)</u>	<u>(229,277)</u>	<u>(709,728)</u>
Excess (deficiency) of funds advanced	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

NOTE: The costs as shown on the Actual Modernization Cost Certificate for LA48P123501-00, LA48P123501-01 and LA48P123501-02 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, 2004

	<u>LA 48P123501-03</u>	<u>LA 48P123502-03</u>	<u>LA 48P123501-04</u>	<u>TOTAL</u>
Funds approved	\$ 181,986	\$ 38,437	\$ 212,957	\$ 433,380
Funds expended	<u>(173,885)</u>	<u>(13,366)</u>	<u>-0-</u>	<u>(187,251)</u>
Excess of funds approved	<u>\$ 8,101</u>	<u>\$ 25,071</u>	<u>\$ 212,957</u>	<u>\$ 246,129</u>
Funds advanced:				
Grant funding	<u>\$ 173,885</u>	<u>\$ 13,366</u>	<u>\$ -0-</u>	<u>\$ 187,251</u>
Total funds advanced	<u>173,885</u>	<u>13,366</u>	<u>-0-</u>	<u>187,251</u>
Funds expended	<u>(173,885)</u>	<u>(13,366)</u>	<u>-0-</u>	<u>(187,251)</u>
Excess (deficiency) of funds advanced	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See Independent Auditors' Report on Supplementary Information.



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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, 2004, and have issued our report thereon dated March 17, 2005. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2004-01 and 2004-02.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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.

However, we noted other matters involving the internal control over financial reporting, which we have reported to management of HACW in a separate letter dated March 17, 2005.

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, 17, 2005



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

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 program for the year ended September 30, 2004. **HACW's** major federal program is 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 program 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 of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. 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 program for the year ended September 30, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the Summary Schedule of Findings and Questioned Costs as items 2004-01 and 2004-02.

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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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)

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 17, 2005

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

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? No

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)? No

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Program:

CFDA Number

Name of Federal Program or Cluster

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, 2004**

Section II - Financial Statement Findings and Questioned Costs

No financial statement findings were reported for the year ended September 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, 2004

Section III - Federal Award Findings and Questioned Costs

Reference Number

2004-01

Federal Award Program

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

Criteria

24CFR sections 960.202 through 960.208 requires that **HACW** establish and adopt written policies for admission of tenants to include policies for verification and documentation of information relevant to acceptance or rejection of applicants.

Condition

Currently, **HACW** maintains its applicant waiting list activities on a “real time” basis. As such, we were unable to apply audit test in order to ascertain compliance with the requirements of 24CFR 960.202 through 960.208 for new admissions during the year ended September 30, 2004 for ten (10) selected residents.

It is our understanding through discussion with management that **HACW** followed its established polices in the placement of applicants.

Questioned Costs

None.

Context

Funding for the Low Rent Public Housing Program was 27% of **HACW**'s total federal award for the year ended September 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, 2004

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2004-01

Effect

Potential noncompliance with the requirements of 24CFR section 960.

Cause

HACW currently uses a “real time” software for its applicant waiting list management. As a result, **HACW** is unable to retrieve information on placed applicants.

Recommendation

HACW should consider the retention of a hard copy and/or a back-up copy of the files once the admission processing is complete to support acceptance or rejection of applicants.

Management’s Response

Management of **HACW** anticipates implementation of a procedure within the next thirty (30) days to ensure the retention of documents to support placement of applicants.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2004-02

Federal Award Program

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

Criteria

Pursuant to 24CFR section 965, **HACW** should obtain and use the most recent information in the determination of tenant's rent payment amount and utility allowance, as applicable.

Condition

HACW currently uses a utility allowance schedule that has not been updated for over a period of time in its Low Rent Public Housing Program rent amount calculation.

Questioned Costs

None.

Context

Funding for the Low Rent Public Housing Program was 27% of **HACW's** total funding for the year ended September 30, 2004.

Effect

Noncompliance with the requirements of CFR 24 section 965.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2004-02

Cause

Lack of an established system to facilitate the timely or periodic update of utility allowance used in the determination of tenant's rent payment amount and utility allowance.

Recommendation

Management should institute a utility allowance study to ensure that the utility allowance used in the determination of tenant rent and utility allowance, reflects the most current information.

Management's Response

A utility allowance study will be initiated within the next sixty (60) days.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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

Reference Numbers

2003-01 and 2003-03

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.

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.

Current Status

See current year's comment to management.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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

Reference Number

2003-02

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.

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.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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, 2004

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, 2004

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

Resolved.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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

Resolved.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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 Public Housing 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 Public Housing Program.

Current Status

Partially resolved. At September 30, 2004 number of units reported as under lease was 84. 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, 2004**

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.

Recommendation

Management should implement procedures to facilitate the retention of all documents to support costs incurred.

Current Status

Resolved. On February 3, 2005, we were advised by HUD that the finding should be cleared as the "AMCC" has been executed and the program closed out in "LOCCS". Also, the factors that caused the finding has changed.



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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, 2004, 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 17, 2005. This letter does not affect our report dated March 17, 2005, 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

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

- Bank account reconciliations prepared by HACW's fee accountant lacked evidence of management review and/or approval. We noted through review of minutes of the Board of Commissioners, monthly reporting of HACW's financial activity by the Executive Director.
- No evidence of a periodic reconciliation of all significant general ledger subsidiary accounts to their respective control accounts such as fixed assets, net assets, amounts payable, etc.

Recommendation

We recommend that management establish a procedure to require a review of all deliverables from its fee accountant to include the monthly analysis of all significant general ledger accounts.

Management's Response

Management anticipates development of a procedure within the next sixty (60) days.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Current Year's Comments, Continued

Condition

At September 30, 2004, HACW had reported on its general ledger unidentified amounts totaling \$66,304.38 and classified as amounts payable to HUD in the Low Rent Public Housing Program. Management is unable to determine the composition of the account balance as well as the basis for recordation.

Recommendation

We recommend that an analysis of the account be undertaken by management with resolution subject to Board approval.

Management's Response

Management will initiate a discussion with its fee accountant and explore ways to resolve the condition. Anticipated completion date is June 30, 2005.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Status of Prior Year's Comments

The following summarizes the status of our prior year's comments and suggestions:

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.

***Current Status**

Partially resolved. See current year's comment to management.

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.

***Current Status**

See current year's comment to management.

***Repeated**

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Status of Prior 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 duplicate payment of vendor 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 duplicate payment of invoices.

Current Status

Resolved

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.

*Current Status

See current year's comment to management.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Status of Prior 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.

Current Status

Resolved.

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 and the Board of Commissioners continue to participate at various levels of the internal control processes to provide the necessary safeguarding of HACW's assets.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Status of Prior Years' Comments, Continued

Condition

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

Recommendation

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

Resolved.

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

Resolved.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

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 17, 2005

Winnfield Housing Authority

901 Neil Wagoner Drive
P.O. Box 1413
Winnfield, LA 71483



Phone: 318-628-4960
Fax: 318-628-4980
Email: wha@bellsouth.net

March 17, 2005

Bruno & Tervalon LLP
Certified Public Accountants
4298 Elysian Fields Avenue
New Orleans, Louisiana 70122

Dear Sirs:

In connection with the September 30, 2004 audit of the **Housing Authority of the City of Winnfield** please find enclosed, the corrective action plan developed by the **Housing Authority of the City of Winnfield** in response to the current and prior year's audit findings and management letter comments for the year ended September 30, 2004. The plan includes, where applicable, the corrective action plan and anticipated completion date.

In all findings attached, Ms. Deborah McGinnis is the contact person.

If any further information is required, do not hesitate to contact me at (318) 628-4960.

Sincerely,


Deborah McGinnis
Executive Director

DM/

Enclosures

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Reference Number

2004-01

Federal Award Program

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

Criteria

24CFR sections 960.202 through 960.208 requires that HACW establish and adopt written policies for admission of tenants to include policies for verification and documentation of information relevant to acceptance or rejection of applicants.

Condition

Currently, HACW maintains its applicant waiting list activities on a "real time" basis. As such, we were unable to apply audit test in order to ascertain compliance with the requirements of 24CFR 960.202 through 960.208 for new admissions during the year ended September 30, 2004 for ten (10) selected residents.

It is our understanding through discussion with management that HACW followed its established polices in the placement of applicants.

Questioned Costs

None.

Context

Funding for the Low Rent Public Housing Program was 27% of HACW's total federal award for the year ended September 30, 2004.

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SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Reference Number, Continued
2004-01

Effect

Potential noncompliance with the requirements of 24CFR section 960.

Cause

HACW currently uses a "real time" software for its applicant waiting list management. As a result, HACW is unable to retrieve information on placed applicants.

Recommendation

HACW should consider the retention of a hard copy and/or a back-up copy of the files once the admission processing is complete to support acceptance or rejection of applicants.

Management's Response

Management of HACW anticipates implementation of a procedure within the next thirty (30) days to ensure the retention of documents to support placement of applicants.

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SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Reference Number

2004-02

Federal Award Program

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

Criteria

Pursuant to 24CFR section 965, HACW should obtain and use the most recent information in the determination of tenant's rent payment amount and utility allowance, as applicable.

Condition

HACW currently uses a utility allowance schedule that has not been updated for over a period of time in its Low Rent Public Housing Program rent amount calculation.

Questioned Costs

None.

Context

Funding for the Low Rent Public Housing Program was 27% of HACW's total funding for the year ended September 30, 2004.

Effect

Noncompliance with the requirements of CFR 24 section 965.

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SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Reference Number, Continued
2004-02

Cause

Lack of an established system to facilitate the timely or periodic update of utility allowance used in the determination of tenant's rent payment amount and utility allowance.

Recommendation

Management should institute a utility allowance study to ensure that the utility allowance used in the determination of tenant rent and utility allowance, reflects the most current information.

Management's Response

A utility allowance study will be initiated within the next sixty (60) days.

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SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Reference Numbers

2003-01 and 2003-03

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.

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.

Current Status

See current year's comment to management.

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SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Reference Number

2003-02

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.

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.

Current Status

Resolved.

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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;

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FOR THE YEAR ENDED SEPTEMBER 30, 2004

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.

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FOR THE YEAR ENDED SEPTEMBER 30, 2004

Reference Numbers, Continued
2002-01 and 2002-06

Recommendation, Continued

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

Current Status

Resolved.

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SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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

Resolved.

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SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Reference Number

2002-08

Condition

HACW is behind in the lease-up of its Low Rent Public Housing 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 Public Housing Program.

Current Status

Partially resolved. At September 30, 2004 number of units reported as under lease was 84. Management continues through its capital improvement efforts to ready units for occupancy.

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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.

Recommendation

Management should implement procedures to facilitate the retention of all documents to support costs incurred.

Current Status

Resolved. On February 3, 2005, we were advised by HUD that the finding should be cleared as the "AMCC" has been executed and the program closed out in "LOCCS". Also, the factors that caused the finding has changed.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Current Year's Comments

Condition

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

- Bank account reconciliations prepared by HACW's fee accountant lacked evidence of management review and/or approval. We noted through review of minutes of the Board of Commissioners, monthly reporting of HACW's financial activity by the Executive Director.
- No evidence of a periodic reconciliation of all significant general ledger subsidiary accounts to their respective control accounts such as fixed assets, net assets, amounts payable, etc.

Recommendation

We recommend that management establish a procedure to require a review of all deliverables from its fee accountant to include the monthly analysis of all significant general ledger accounts.

Management's Response

Management anticipates development of a procedure within the next sixty (60) days.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT, CONTINUED

Current Year's Comments, Continued

Condition

At September 30, 2004, HACW had reported on its general ledger unidentified amounts totaling \$66,304.38 and classified as amounts payable to HUD in the Low Rent Public Housing Program. Management is unable to determine the composition of the account balance as well as the basis for recordation.

Recommendation

We recommend that an analysis of the account be undertaken by management with resolution subject to Board approval.

Management's Response

Management will initiate a discussion with its fee accountant and explore ways to resolve the condition. Anticipated completion date is June 30, 2005.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT, CONTINUED

Status of Prior Year's Comments

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.

Current Status

Partially resolved. See current year's comment to management.

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.

Current Status

See current year's comment to management.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Status of Prior 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 duplicate payment of vendor 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 duplicate payment of invoices.

Current Status

Resolved

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.

Current Status

See current year's comment to management.

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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Status of Prior 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.

Current Status

Resolved.

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 and the Board of Commissioners continue to participate at various levels of the internal control processes to provide the necessary safeguarding of HACW's assets.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT, CONTINUED

Status of Prior Years' Comments, Continued

Condition

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

Recommendation

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

Resolved.

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

Resolved.