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**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 1987**

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

Release Date 4-88 *cat*



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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
**Housing Authority of the Town of White Castle**  
White Castle, Louisiana

We have audited the accompanying financial statements of Housing Authority of the Town of White Castle (HATWC), as of and for the year ended September 30, 2003, as listed in the Table of Contents. These financial statements are the responsibility of HATWC'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 of America. 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 HATWC as of September 30, 2003, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT  
(CONTINUED)

To the Board of Commissioners  
Housing Authority of the Town of White Castle  
White Castle, Louisiana  
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2004, on our consideration of HATWC'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 an instance of noncompliance.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

March 3, 2004

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
BALANCE SHEET—ENTERPRISE FUND  
SEPTEMBER 30, 2003**

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**ASSETS**

Cash (NOTE 2)	\$ 44,310
Amounts receivable, net (NOTE 12)	26,039
Prepaid expenses and other assets (NOTE 13)	20,984
Investment (NOTE 3)	44,293
Land, structures and equipment, net (NOTES 4 AND 11)	<u>1,838,543</u>
Total assets	<u>\$1,970,169</u>

**LIABILITIES AND EQUITY**

**Liabilities:**

Amounts and other payable (NOTE 7)	\$ 54,343
Compensated absences payable	8,754
Security deposits held for tenants (NOTE 2)	11,520
Deferred liability	<u>284</u>
Total liabilities	<u>74,901</u>

**Equity:**

Contributed capital (NOTE 5)	1,550,526
Retained earnings:	
Unreserved retained earnings	<u>344,742</u>
Total equity	<u>1,895,268</u>
Total liabilities and equity	<u>\$1,970,169</u>

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

**ISSUING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS—ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

Operating revenues	
Dwelling rentals	\$136,438
Fees and charges	<u>8,082</u>
Total operating revenues	<u>134,450</u>
Operating expenses:	
Salaries and employee benefits	288,178
Repairs and maintenance	41,258
Contractual services	48,317
Utilities	9,478
Depreciation	128,094
Insurance	48,331
Convention and travel	27,044
Bad-debt expense	2,676
Payments in lieu of taxes	14,688
Telephone	18,371
Office supplies	3,357
Resident activities	3,181
General	<u>18,158</u>
Total operating expenses	<u>688,925</u>
Operating loss	<u>554,475</u>
Non-operating revenues:	
Grants and subsidies	174,474
Interest income	1,081
Insurance proceeds	18,297
Other	<u>3,352</u>
Total non-operating revenues	<u>197,204</u>
Net loss before other financing sources (used)	<u>(357,271)</u>
Other financing sources (used):	
Operating transfers in	38,048
Operating transfers out	<u>(158,818)</u>
Net loss	<u>(319,763)</u>
Retained earnings, beginning of year	<u>380,087</u>
Retained earnings, end of year	<u>\$ 160,324</u>

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

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
 WHITE CASTLE, LOUISIANA  
 STATEMENT OF CASH FLOWS—ENTERPRISE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

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Operating loss	\$439,474
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	129,094
Bad debt expense	2,676
Increase in accounts receivable	(16,328)
Decrease in prepaid expenses and other assets	125
Increase in accounts and other payable	17,777
Decrease in compensated absences payable	(1,248)
Decrease in deferred liability	(622)
Net cash used in operating activities	<u>(288,660)</u>
Cash Flows from Investing Activities:	
Interest received	1,081
Purchase of investment	<u>(868)</u>
Net cash provided by investing activities	<u>213</u>
Cash Flows from Municipal Financing Activities:	
Subsidies from Federal grants	274,474
Other	<u>(18,284)</u>
Cash provided by municipal financing activities	<u>256,190</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of fixed assets	<u>(118,822)</u>
Cash used in capital and related financing activities	<u>(118,822)</u>
Net decrease in cash	(19,694)
Cash, beginning of year	<u>73,921</u>
Cash, end of year	<u>\$ 54,227</u>
Interest paid during the fiscal year ended September 30, 2003	<u>\$ 4</u>

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



**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Background and General Data:**

**Background**

The Housing Authority of the Town of White Castle (HATWC) 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. HATWC has been contracted by HUD to administer the low-cost housing program under an Annual Contributions Contract.

As of September 30, 2003, HATWC was primarily engaged in the administration of a low-cost housing program to low income residents in White Castle.

Under the above program, HATWC provides eligible families housing under leasing arrangements.

**Financial Reporting Entity**

HATWC 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 Town of White Castle.

Government Accounting Standards Board (GASB) Statement No. 14, "the 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 TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Background and General Data, Continued**

HATWC 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 HATWC is a financial reporting entity within the meaning of the provisions of GASB 14.

**Basis of Presentation**

As required by Louisiana State Reporting Law (LSA-RS 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 HATWC 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** - 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 as the time liabilities are incurred. HATWC applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. HATWC's fund includes the following type:

**Enterprise Fund** - 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 TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Background and General Data, Continued**

Under the provisions of GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions) effective for fiscal years that began after June 15, 2000, HATWC recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- HATWC recognizes assets and liabilities 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 by HATWC as deferred revenue upon award; and
- Transactions with no time requirement(s) are recorded by HATWC as revenue upon award.

**Budgets**

HATWC 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.

HATWC does not present its budget 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 HATWC's Board.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Statement of Cash Flows**

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

**Land, Structures and Equipment**

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When no historical records are available, fixed assets are valued at estimated historical cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The cost 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 TOWN OF WHITE CASTLE**  
**WHITE CASTLE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Background and General Data, Continued.**

**Land, Structures and Equipment, Continued**

Structures and equipment with a cost of \$5,000 or more are capitalized and depreciated in the enterprise fund of HATWC using the following estimated useful lives.

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

**Compensated Absence**

HATWC follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under these 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 C80, is recognized as a current-year expense in the enterprise fund when leave is earned.

**Amounts Receivable**

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
 WHITE CASTLE, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Background and General Data, Continued

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 transfers. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statements level.

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.

NOTE 2 - Cash:

At September 30, 2003, HA/TWC's cash balance is as follows:

Description	Interest Rate (%)	Carrying Value	Approximate Market Value
Demand deposits	.40	\$24,310	\$24,310

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Cash, Continued:**

Under state laws, these deposits must be secured by federal depository insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal depository 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 HATWC.

At September 30, 2003, the carrying amount of HATWC's deposits was \$44,310 and the cumulative bank balance was \$55,711. The bank balance is covered by federal depository insurance and/or collateral held by the pledging institution's agent in HATWC's name.

Cash is categorized as Category 1. Category 1 represents cash insured or collateralized with securities held by the pledging financial institution's trust department or agent in HATWC's name.

Included in cash at September 30, 2003, are tenant security deposits of \$11,520.

**NOTE 3 - Investment:**

At September 30, 2003, investment consist of a certificate of deposit as follows:

Description	Interest Rate(%)	Maturity	Carrying Value	Approximate Market Value
Certificate of deposit	1.75	8/5/04	<u>\$44,293</u>	<u>\$44,293</u>

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Land, Structures and Equipment:**

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

	Balance October 1, 2002	Additions	Balance September 30, 2003
Land and land improvements	\$ 228,215	\$ -	\$ 228,215
Buildings and improvements	4,238,070	-	4,238,070
Equipment	114,596	16,894	131,490
Contributions in progress	<u>1,150</u>	<u>98,171</u>	<u>100,421</u>
Sub-total	<u>4,585,031</u>	<u>115,065</u>	<u>4,679,518</u>
Less accumulated depreciation	(2,796,321)	(1,330,054)	(4,126,375)
Total	<u>\$ 1,853,520</u>	<u>\$ 1,180,011</u>	<u>\$ 1,834,943</u>

**NOTE 5 - Contributed Capital:**

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



**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE**  
**WHITE CASTLE, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 5 - Contributed Capital, Continued:**

An analysis of contributed capital follows:

<u>Balance</u> <u>October 1, 2002</u>	<u>No Change</u>	<u>Balance</u> <u>September 30, 2003</u>
\$1,330,526	\$0.	\$1,330,526

**NOTE 6 - Retirement System:**

**Plan Description**

HATWC participates in a defined-contribution plan. The plan was established on July 1, 1974 and is authorized and may be amended by the Board of Commissioners. The plan is a single employer defined contribution plan through a money accumulation plan.

**Plan Funding**

Funding for the plan is through a contribution of 7% and 4% by HATWC and its employees, respectively. The contribution amount is based on the employer's base salary each month.

The employer's contribution vests at a rate of 20% annually for each year of participation with 100% vestage after 5 years of participation.

HATWC's gross payroll for participating employees for the year ended September 30, 2003, was \$144,152. HATWC and employee contributions made for the year ended September 30, 2003, amounted to \$40,331 and \$43,017 respectively.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 7 - Accounts and Other Payable:

At September 30, 2000, accounts and other payables consisted of the following:

Vendors	338,396
Accrued wages and taxes payable	5,472
HUD	<u>10,425</u>
Total	<u>\$54,293</u>

NOTE 8 - Risk Management:

HATWC is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which HATWC 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 9 - Concentration of Credit Risk:

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

NOTE 10 - Contingencies:

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

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 11 - Commitments:**

At September 30, 2003, HATWC has executed agreements with HUD totaling \$986,426 for various modernization and capital fund projects. Balance of funds remaining at September 30, 2003, was \$799,826.

**NOTE 12 - Amounts Receivable, Net:**

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

HUD	\$23,266
Tenants	2,480
Other	<u>1,451</u>
	27,197
Less: allowance for doubtful accounts	(3,111)
Total	<u>\$24,086</u>

**NOTE 13 - Prepaid Expenses and Other Assets:**

Prepaid expenses and other assets at September 30, 2003 of \$20,984, consisted of prepaid insurance of \$16,244 and inventories (net of \$134 for obsolescence) of \$4,740.

## SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners  
Housing Authority of the Town  
of White Castle  
White Castle, Louisiana

Our report on our audit of the September 30, 2003 financial statements of Housing Authority of the Town of White Castle (HATWC) 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 I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Nonprofit 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 II, III, and IV) which is 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 is 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 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 3, 2004

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
COMBINING BALANCE SHEET—ENTERPRISE FUND  
SEPTEMBER 30, 2003

ASSETS	LOW REENT PUBLIC HOUSING PROGRAM	CAPITAL FUND PROGRAM	TOTAL MEMORANDUM ONLY
Cash	\$ 44,310	\$ -	\$ 44,310
Accounts receivable, net	2,835	23,296	26,009
Prepaid expenses and other assets	20,844	-	20,844
Investments	44,285	-	44,285
Due from other funds	17,113	-	17,113
Land, structures and equipment, net	1,284,122	100,421	1,384,543
Total assets	<u>\$1,653,632</u>	<u>\$123,637</u>	<u>\$1,807,269</u>

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
CONDENSING BALANCE SHEET—ENTERPRISE FUND, CONTINUED  
SEPTEMBER 30, 2003

	LOW RENT PUBLIC HOUSING PROGRAM	CAPITAL FUND PROGRAM	TOTAL MEMORANDUM (ONLY)
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Accounts and other payable	\$ 48,120	\$ 6,000	\$ 54,140
Compensated absences payable	8,754	-	8,754
Security deposits held for accounts	11,520	-	11,520
Deferred liability	244	-	244
Due to other funds	-	17,112	17,112
Total liabilities	68,638	23,112	91,750
<b>Equity</b>			
Contributed capital	1,801,528	-	1,801,528
Retained earnings:			
Unreserved retained earnings	244,521	180,411	424,932
Total equity	1,795,842	180,411	1,976,253
Total liabilities and equity	\$1,864,480	\$123,523	\$1,987,993

See Independent Auditor's Report on Supplementary Information.



**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE**  
**WHITE CASTLE, LOUISIANA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET-ASSED FUNDING—ENTERPRISE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	LOSS RENT PUBLIC HOUSING PROGRAM	CAPITAL FUND PROGRAM	TOTAL (MINORITIES)
Operating revenues:			
Dwelling rentals	\$ 136,418	\$ -	\$ 136,418
Fees and charges	— 6,612	— 0	— 6,612
Total operating revenues	136,418	— 0	136,418
Operating expenses:			
Salaries and employee benefits	268,178	— 0	268,178
Repairs and maintenance	41,559	— 0	41,559
Contracted services	89,317	— 0	89,317
Utilities	9,478	— 0	9,478
Depreciation	128,054	— 0	128,054
Supplies	98,316	— 0	98,316
Commodities and fuel	23,084	— 0	23,084
Bad debt expense	2,678	— 0	2,678
Payments in lieu of taxes	14,688	— 0	14,688
Telephone	18,178	— 0	18,178
Office supplies	3,160	— 0	3,160
Business activities	3,180	— 0	3,180
Contract	18,178	— 0	18,178
Total operating expenses	811,504	— 0	811,504
Operating loss	(675,086)	— 0	(675,086)

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS—ENTERPRISE FUNDS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	LOW INCOME PUBLIC HOUSING PROGRAM	CAPITAL FUND PROGRAM	TOTAL ENTERPRISE FUND RESULTS
Non-expendable revenues:			
Dwelling and utilities	\$ 266,429	\$ 144,046	\$ 410,475
Interest income	1,261	-	1,261
Insurance proceeds	70,271	-	70,271
Other	<u>3,021</u>	<u>-</u>	<u>3,021</u>
Total non-expendable revenues	340,981	144,046	485,027
Net income (loss) before other financing sources (2011)	(219,271)	144,046	(60,225)
Other financing sources (uses):			
Operating transfers in	90,018	-	90,018
Operating transfers out	<u>-</u>	<u>154,018</u>	<u>154,018</u>
Net income (loss)	149,315	1,028	150,343
Retained earnings beginning of year	361,817	1,296	363,113
Equity transfers	<u>10,821</u>	<u>(10,820)</u>	<u>-</u>
Retained earnings, end of year	\$ 349,311	\$ 1,274	\$ 350,585

See Independent Auditor's Report on Supplementary Information.

**SCHEDULE A**

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

Federal Grant	CFDA Number	Grant Number	Federal Expenditures
Program funded by the U.S. Department of Housing and Urban Development			
Subject to Annual Conditional Contract Low Rent Public Housing Program Capital Fund Program	14.820g*	PW-0319 PW-1319	\$206,428 148,086
Total annual contributions received			<u>\$354,514</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 HA/TWC 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, *Audit of States, Local Governments and Non-Profit Organizations*

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWNS OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULE—COMBINED BALANCE SHEET  
SEPTEMBER 30, 2003

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW REBT PUBLIC HOUSING PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	TOTAL DEFICIT/BALANCE DOLL.
111	Cash - unreserved	\$ 12,590	\$ -	\$ 12,590
114	Cash - tenant security deposits	11,520	-	11,520
100	Total cash	44,110	-	44,110
120	Accounts receivable - HUD other projects	-	21,206	21,206
125	Accounts receivable - miscellaneous	1,431	-	1,431
126	Accounts receivable - tenants dwelling rent	2,493	-	2,493
126.1	Allowance for doubtful accounts - dwelling rent	(1,111)	-	(1,111)
120	Total receivables, net of allowance for doubtful accounts	2,813	21,206	24,019

See Independent Auditor's Report on Supplementary Information.

BOARDING AUTHORITY OF THE TOWNS OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULE—CONSOLIDATED BALANCE SHEET, CONTINUED  
SEPTEMBER 30, 2001

LABEL ITEM NO.	ACCOUNT DESCRIPTION	LOW REVENUE	PUBLIC WORKING	TOTAL
		PROGRAM	CAPITAL FUND PROGRAM	MEMBERSHIP (DEBTS)
11	Investments - non-restricted	\$ 44,293	\$ 0	\$ 44,293
12	Prepaid expenses and other assets	16,244	0	16,244
13	Investments	4,894	0	4,894
101.1	Allowance for obsolete investments	(1,549)	0	(1,549)
14	Interprograms due from	12,112	0	12,112
15	Total current assets	75,994	0	75,994
16	Land	128,115	0	128,115
17	Buildings	4,228,678	0	4,228,678
18	Furniture, equipment & machinery	71,058	0	71,058
19	Furniture, equipment & machinery	47,282	0	47,282
199	Accumulated depreciation	(2,885,174)	0	(2,885,174)
20	Construction in progress	0	266,411	266,411
200	Total fixed assets, net of accumulated depreciation	1,114,031	266,411	1,380,442
21	Total current assets	1,114,031	266,411	1,380,442
22	Total assets	\$ 1,190,062	\$ 266,411	\$ 1,456,473

See Independent Auditors' Report on Supplementary Information

FINANCIAL STATEMENTS OF THE TOWNSHIP OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULE—COMBINED BALANCE SHEET, CONTINUED  
SEPTEMBER 30, 2003

LINE ITEM NO.	ACCOUNT DESCRIPTIONS	LOW INDEB PUBLIC PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	TOTAL FINANCIAL TOTAL
		\$	\$	\$
212	Accounts payable - all items	1,034	6,000	6,934
213	Accrued wage/ payroll taxes payable	1,473	—	1,473
214	Accrued compensated absences - current periods	8,794	—	8,794
215	Accrued compensated absences - current periods	16,473	—	16,473
216	Accrued payroll - All City/PAID programs	11,028	—	11,028
241	Tax and security deposits	24	—	24
242	Deferred revenues	28,795	—	28,795
243	Other current liabilities	—	—	—
247	Interprograms due to:	—	11,111	11,111
219	Total current liabilities	64,628	11,111	75,739
301	Recurrent liabilities - other	—	—	—
249	Total noncurrent liabilities	—	—	—
300	Total liabilities	64,628	11,111	75,739
504	Net 9/30 PAID contributions	1,229,028	—	1,229,028
508	Total noncurrent assets	1,229,028	—	1,229,028
210	Unallocated fund/ miscellaneous savings	344,011	86,411	430,422
213	Total equity	1,573,039	86,411	1,659,450
400	Total liabilities and equity	1,637,667	97,522	1,735,189

**SCHEDULE III**  
Page 1 of 4

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
FINANCIAL DATA SCHEDULE—COMBINING STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2000**

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW REENT HOUSING PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	TOTAL (MEMORANDUM (2001))
700	Net lease rental revenue	\$ 199,428	\$ 0	\$ 199,428
704	Tenant revenue - other	9,100	0	9,100
700	Total tenant revenues	199,428	0	199,428
706	HUD PHA operating grants	306,428	58,008	364,436
706.1	Capital grants	0	110,008	110,008
711	Investment income - unrestricted	1,081	0	1,081
712	Other revenue	10,208	0	10,208
700	Total revenues	507,145	168,016	675,161

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE**  
**WHITE CASTLE, LOUISIANA**  
**FINANCIAL DATA SCHEDULE—CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT		PUBLIC HOUSING CAPITAL FUND PROGRAM	TOTAL MEMORANDUM DOLLAR
		PUBLIC HOUSING PROGRAM	PROGRAM		
901	Administrative salaries	\$ 190,148	\$ -	\$ -	\$ 190,148
902	Auditing fees	5,708	-	-	5,708
903	Employee benefit contributions-administrative	19,932	-	-	19,932
906	Other operating-administrative	49,353	-	-	49,353
901	Tenant services - salaries	49,685	-	-	49,685
902	Subsidize costs	1,235	-	-	1,235
903	Employee benefit contributions-tenant services	19,168	-	-	19,168
904	Tenant services - other	121	-	-	121
903	Water	991	-	-	991
902	Electricity	8,368	-	-	8,368
903	Gas	118	-	-	118
903	Labor	68,430	-	-	68,430
	Page total	312,291	-	-	312,291

See Independent Auditors' Report on Supplementary Information.



**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA**  
**FINANCIAL DATA SCHEDULE—COMBINED STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2000**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>LOW RENT PUBLIC HOUSING PROGRAM</u>	<u>PUBLIC HOUSING CAPITAL FUND PROGRAM</u>	<u>TOTAL AMOUNTS</u>
940	Ordinary maintenance and operations- materials and other	\$ 20,981	\$ -	\$ 20,981
940	Ordinary maintenance and operations- contract costs	20,445	-	20,445
940	Employee benefits contributions- ordinary maintenance	12,923	-	12,923
952	Preventive services - other contract costs	10,547	-	10,547
961	Insurance premiums	40,373	-	40,373
962	Other general expense	19,300	-	19,300
963	Payments in lieu of taxes	14,896	-	14,896
964	Bad debt - tenant rents	2,626	-	2,626
969	Total operating expenses	132,082	-	132,082
970	Excess (deficiency) of operating revenues over operating expenses	(20,639)	161,684	97,428

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE**  
**WHITE CASTLE, ILLINOIS**  
**FINANCIAL DATA SCHEDULE—COMBINED STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

LINE ITEM(S)	ACCOUNT DESCRIPTIONS	LOVE LEASE PUBLIC HOUSING PROGRAM	+	+	PUBLIC HOUSING CAPITAL FUND PROGRAM	TOTAL OPERATIONS
811	Other Expenses	\$		\$		\$
914	Subsidiary incomes	20,000		0		20,000
	Depreciation expense					
900	Total revenues	81,000		0		81,000
1000	Other Financing Sources (omit					
1002	Operating transfer in	0		0		0
	Operating transfer out			(20,000)		(20,000)
1000	Excess (deficiency) of revenues over (under) expense	\$ 81,000		\$ 10,000		\$ 91,000
1100	Beginning equity	\$ 200,000		\$ 1,100		\$ 201,100
1104	Prior period adjustments, equity transfers, and correction of error	\$ 1,000		\$ 10,000		\$ 11,000

**Minor Account Information**

See Independent Auditor's Report on Supplementary Information

SCHEDULE IV

HOUSING AUTHORITY OF THE TOWNS OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA

STATEMENT OF CAPITAL FUND PROGRAM (INCOMPLETE)  
FROM INCEPTION THROUGH SEPTEMBER 30, 2002

	LA48FD02381-01	LA48FD02381-02	LA48FD02381-03	LA48FD02381-04	TOTAL
Funds approved	\$281,774	\$360,034	\$ 237,849	\$387,037	\$ 1,066,694
Funds expended	<u>82,695</u>	<u>126,781</u>	<u>17,280</u>	<u>—</u>	<u>226,756</u>
	\$199,079	\$233,253	\$ 220,569	\$387,037	\$ 1,039,938
Excess (deficiency) of funds approved					
Funds Advanced: Grant funding	\$ 82,696	\$ 18,448	\$ 31,543	\$ —	\$ 132,687
	<u>82,696</u>	<u>18,448</u>	<u>31,543</u>	<u>—</u>	<u>132,687</u>
Total funds advanced					
Funds expended	<u>81,205</u>	<u>166,701</u>	<u>17,280</u>	<u>—</u>	<u>265,206</u>
Excess (deficiency) of funds advanced	\$ 1,491	\$ 17,747	\$ 14,263	\$ —	\$ 33,501

See Independent Auditor's Report on Supplementary Information.

**Member**

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

Richard G. Bruno, CPA  
Walter J. Tervalon, Jr., CPA  
Walter A. Morel, Jr., CPA  
Paul K. Joseph, III, 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 Town  
of White Castle  
White Castle, Louisiana**

We have audited the financial statements of the **Housing Authority of the Town of White Castle (HATWC)** as of and for the year ended September 30, 2003, and have issued our report thereon dated March 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Compliance**

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

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

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(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered HATWC'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 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management in a separate letter dated March 3, 2004.

This report is intended solely for the information and use of the Board of Commissioners, HATWC'S management, United States Department of Housing and Urban Development, Legislative Auditor and 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 3, 2004



**Member**

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

Michael B. Bruno, CPA  
Aubrey J. Tervalon, Jr., CPA  
Walter J. Murre, Jr., CPA  
Paul R. Amick, Sr., CPA

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

**Board of Commissioners  
Housing Authority of the Town of White Castle  
White Castle, Louisiana**

**Compliance**

We have audited the compliance of **Housing Authority of the Town of White Castle (HATWC)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2003. HATWC'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 HATWC's management. Our responsibility is to express an opinion on HATWC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HATWC'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 HATWC'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

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(CONTINUED)

In our opinion, HATWC complied, in all material respects, with the requirements previously described that are applicable to its major federal program for the year ended September 30, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2003-01.

#### **Internal Control Over Compliance**

The management of HATWC 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 HATWC'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, IATWC'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 3, 2004



**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

---

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

**Financial Statements**

Type of auditors' report issued: Unqualified

**Internal control over financial reporting:**

- Material weakness(es) identified? No
- Reportable condition (s) identified that are not considered to be material weaknesses? 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 501(c) of Circular A-133? Yes

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

---

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

***Federal Awards, Continued***

**Identification of Major Programs:**

<u>CPIA Number</u>	<u>Name of Federal Program or Cluster</u>
14.850a	Low Rent Public Housing Program
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditor qualified as low-risk auditor?	No

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

---

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

No financial statement findings were reported for the year ended September 30, 2003.

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

---

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

**Reference Number**

2003-01

**Federal Program**

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

**Criteria**

Pursuant to the requirements of the Consolidated Annual Contributions Contract and 24 CFR Parts 5 and 960, as applicable.

**Condition**

Our review of ten (10) Low Rent Public Housing Program files revealed ten(10) instances where the required Form HUD 50058 was not properly submitted to the MTC's processing center by the due date.

**Questioned Costs**

None.

**Effect**

Noncompliance with the requirements of the Annual Contributions Contract and 24CFR.

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

---

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

**Reference Number, Continued**

2003-01

**Cause**

Due to a glitch in HATCW's computer system, the submissions were not accepted by the MTC system.

**Recommendation**

Management should continue in its effort to ensure the timely and accurate submission of all Form HUD 90058.

**Management's Response**

Management has resolved the computer glitch through the acquisition of a new software program, and expects the continued timely and accurate submission of its Form HUD 90058.

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

---

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

**Reference Number**

2003-01

**Condition**

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

- Our review of the April 2002 cash receipts revealed a \$41.00 difference between the total rent amount collected from tenants and the total amount actually deposited. As a result of discussions with management, it is our understanding that the difference of \$41 represents a reimbursement to employees for funds advanced to HATWC as a "change fund" at the start of rent collection;
- Our review of nineteen (19) cash disbursements revealed five (5) instances where mathematical verifications were not performed on the invoices prior to payment; and
- Also, further review of the nineteen (19) cash disbursements, revealed nineteen (19) instances where invoices were not stamped paid to denote the status of the invoice.

**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 handling of "change fund" in connection with rent collections, verifying clerical accuracy of invoices prior to payment and the cancellation of paid invoices to minimize, if not eliminate, the potential for duplicate payments.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

---

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

**Reference Number, Continued**

2003-01

**Current Status**

Management has implemented the following procedures:

- A petty fund system of \$500.00 was put into place to handle "Change Fund" at the start of rent collection only.
- Mathematical verification are performed, highlighted, and initiated on all invoices prior to payment.
- All invoices are stamped paid when funds are disbursed.

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

---

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

**Reference Number:**

2003-02

**Condition:**

Our review of fifteen (15) Low Rent Public Housing Program tenant files revealed the following conditions:

- Two (2) instances where tenant files lacked signed Form HUD 9886 (Authorization for the Release of Information) document;
- One (1) instance where tenant file lacked a signed (Declaration of Section 314 Status) citizenship disclosure;
- Fifteen (15) instances where tenant files lacked annual Housing Quality Standards inspections; and
- One (1) instance where a tenant's file lacked Form HUD 50058 (Family Report) covering the audit period.

**Recommendation:**

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



HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2003

---

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

**Reference Number, Continued**

2002-02

**Current Status**

Currently, HATWC maintains on an ongoing basis a list of tenant names that need to sign required forms. Letters are sent to tenants requiring them to come into the office to sign certification and/or re-certification forms, as applicable.

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

---

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

**Reference Number:**

2002-03

**Condition:**

Our review of Form HUD 52723 revealed the untimely submission of information to HUD in accordance with the requirements of 24 CFR. The Form HUD 52723 was executed on August 8, 2002.

**Recommendation:**

We recommend that HATWC implement the necessary procedures to ensure the timely submissions of all required reports.

**Current Status:**

A tickler system was established to ensure timely submission in an effective manner. A large chart board was installed with all submissions listed. Each is checked off when completed. The current HUD Form 52723 was submitted with an extension request approved by HUD.

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

---

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

**Reference Numbers**

2001-01 and 2000-01

**Condition**

No documentation was provided to the audit firm indicating that architectural services were properly procured. Also, noted the lack of written inspection reports as required by the executed contract with the architects.

**Current Status**

Architectural services are currently procured via advertising and selected by a scoring system as to their knowledge in dealing with HUD agencies and experience on the job. Also, all inspection reports are now being completed weekly as the job is performed.

**Reference Numbers**

2001-02 and 2000-03

**Condition**

HATWC had three (3) contracts totaling approximately \$22,500 per year that have renewed over the years without proper procurement (one since 1991).

**Current Status**

HATWC currently advertises for services and accepts sealed bids for contracts. Over the past two (2) years, HATWC has utilized the services of several contractors using the revised

solicitation process.

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

---

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

**Reference Number:**  
2001-03

**Condition**

HATWC had three (3) unclassified State Civil Service employees, while state civil service only allows for two (2) such employees.

**Current Status**

HATWC now has only two appointed employees and the third employee's restricted appointment since August 13, 2003, has been classified by Civil Service as of February 13, 2004 and is now a permanent employee.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA**

**EXIT CONFERENCE**

**SEPTEMBER 30, 2003**

---

The contents of this report were discussed at an exit conference held with management of Housing Authority of the Town of White Castle and management is in agreement in all material respects.

Those that participated in the conference are as follows:

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE  
WHITE CASTLE, LOUISIANA**

---

Mr. Don O'Beir	--	Executive Director
Mrs. Martha Taylor	--	Deputy Executive Director

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

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

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Arthur J. Tervalon, Jr., CPA  
Randy J. Bland, Jr., CPA  
Paul K. Avitch, Sr., CPA

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

To the Board of Commissioners  
Housing Authority of the Town of White Castle

In planning and performing our audit of the financial statements of the **Housing Authority of the Town of White Castle (HATWC)** as of and for the year ended September 30, 2003, we considered HATWC'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 HATWC's internal control in our report dated March 3, 2004. This letter does not affect our report dated March 3, 2004, on HATWC'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 HATWC, 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 these matters:

#### **Condition**

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

#### **Recommendation**

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

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

Management will initiate a review procedure effective May 28, 2004.

#### **Condition**

At September 30, 2003, HATWC'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 capital and noncapitalized assets) to the general ledger control accounts and all reconciling items identified with the necessary corrections made to the subsidiary ledger and/or journal entries prepared and posted to the general ledger in a timely manner.

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

Management will coordinate the necessary reconciliations with its fee accountant. Expected completion date is July 30, 2004.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

**STATUS OF PRIOR YEARS' COMMENTS**

**Condition**

Currently, HATWC does not have an established written policy to facilitate the allocation of shared cost between programs.

**Recommendation**

We recommend that management establish a written policy to ensure the timely and accurate allocation of shared cost.

**Current Status**

Resolved.

**Condition**

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

**Recommendation**

Management should continue to recognize the importance of internal control and segregation of duties.

**Current Status**

Management of HATWC continues to recognize the importance of internal control and actively participates in key activities.



**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

***STATUS OF PRIOR YEARS' COMMENTS, CONTINUED***

**Condition**

Currently, HATWC performs the necessary "back-up" of its accounting and program data and stores such data to include all of its records on site.

**Recommendation**

We recommend that management evaluate its current disaster recovery plan. The evaluation process should include, at a minimum, consideration for an off-site storage of its "back-up" computerized accounting data.

**Management's Response**

Management will secure an offsite storage facility for its data by no later than October 30, 2004.

**Condition**

Currently, HATWC receives from its fee accountant monthly financial statements on a combined basis. In addition, we noted that the general ledger provided by HATWC's fee accountant required analysis in the area of equity in order to properly separate current year activity.

**Recommendation**

Considering that the "REAC" reports submitted by the fee accountant has to be prepared on an individual program basis, and to facilitate HATWC's ability to review its completed financial statements from an individual program perspective, we recommend that the financial statement format be restructured to allow for the submission of individual balance sheets and statements of operation for each program managed by HATWC. Also, we recommend that the year end general ledger provided should properly reflect current year financial statement activity prior to year end closing entries.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

***STATUS OF PRIOR YEARS' COMMENTS, CONTINUED***

**Recommendation, Continued**

In addition, we recommend that as part of the on-going financial reporting process the financial statements be reviewed for completeness to ensure the timely and adequate resolution of any and all accounting and other issues that may impact the reported financial statements amounts.

**Current Status**

Management's discussion with its fee Accountant resulted in his purchasing new software to better accommodate him when preparing financial reports and monthly statements. Management continues to review for completeness to ensure the timely and adequate resolution of any and all issues that may impact the reported financial statement amounts.

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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 these 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 3, 2004