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# Housing Authority of Washington Parish, PHA

## Annual Financial Report

Year Ended September 30, 2003

HOUSING CHOICE  
VOUCHER PROGRAM  
PROJECT LA 21740

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: 3-31-04

**Reading Authority of Washington Parish, FHA  
Annual Financial Report  
As of and for the Year Ended September 30, 2003**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Housing Authority of Washington Parish  
Franklinton, Louisiana 70438

We have audited the accompanying general purpose financial statements of the Housing Authority of Washington Parish, Louisiana, as of and for the year ended September 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Housing Authority'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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements present fairly, in all material respects, the financial position of the Housing Authority of Washington Parish, Louisiana, 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.

In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2004 on our consideration of the Housing Authority of Washington Parish's internal control over financial reporting and 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 considering the results of our audit.

**BRUCE HARRELL & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS  
Professional Accounting Corporation

To the Board of Commissioners  
Housing Authority of Washington Parish  
Page 2

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Housing Authority of Washington Parish, Louisiana, taken as a whole. The accompanying schedules of the HUD-Housing Choice Voucher Program, and the Supplemental Financial Data Schedule, are presented for the purpose of additional analysis as required by the U.S. Department of Housing and Urban Development. Also, the accompanying schedule of expenditures of federal awards 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. These schedules are not a required part of the financial statements. Such information 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 relationship to the financial statements taken as a whole.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation  
January 12, 2004

**Housing Authority of Washington Parish, PMA  
Franklin, Louisiana  
Proprietary Fund - Enterprise Fund**

**Statement A**

**Balance Sheet  
September 30, 2003**

**Assets**

**Assets:**

Cash	\$	41,905
Restricted Asset		
Cash - Self-Sufficiency Program Eason		5,366
Furniture and Equipment, Net of Depreciation		2,912
<b>Total Assets</b>	<b>\$</b>	<b><u>49,783</u></b>

**Liabilities and Fund Equity**

**Liabilities:**

Accounts Payable - Other	\$	4,000
Deferred Revenue - Self-Sufficiency Eason		5,366
Due to Other Governments		1,402
Due To HUD - Voucher Program		8,540
<b>Total Liabilities</b>	<b>\$</b>	<b><u>19,308</u></b>

**Fund Equity**

Unreserved Retained Earnings		30,475
<b>Total Fund Equity</b>		<b><u>30,475</u></b>
<b>Total Liabilities and Fund Equity</b>	<b>\$</b>	<b><u>49,783</u></b>

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA  
Franklinton, Louisiana  
Proprietary Fund - Enterprise Fund**

**Statement B**

**Statement of Revenues, Expenses, and Changes in Unreserved Retained Earnings  
For the Year Ended September 30, 2000**

<b>Operating Revenues</b>	
Intergovernmental:	
Contribution Received from HUD	\$ 147,418
<b>Total Operating Revenues</b>	<u>147,418</u>
<b>Operating Expenses</b>	
General and Administrative:	
Administrative Salary	64,208
Accountant Audit Cost	4,600
Depreciation	3,874
Housing Assistance Program Payments	445,284
Insurance	3,378
Payroll Taxes	4,977
Travel	3,360
Outgoing Administrative Expenses	16,780
<b>Total Operating Expenses</b>	<u>559,721</u>
<b>Operating Income (Loss)</b>	<u>(412,303)</u>
<b>Nonoperating Revenue (Expense)</b>	
Interest Earned	<u>51</u>
<b>Total Nonoperating Revenue (Expense)</b>	<u>51</u>
<b>Net Income (Loss)</b>	<u>(412,252)</u>
<b>Unreserved Retained Earnings at Beginning of Year</b>	<u>48,051</u>
<b>Unreserved Retained Earnings at End of Year</b>	<u>\$ (36,201)</u>

The accompanying notes are an integral part of these statements.

**Hearing Authority of Washington Parish, PHA**  
**Franklinton, Louisiana**  
**Proprietary Fund - Enterprise Fund**

Statement C

**Statement of Cash Flows**  
**For the Year Ended September 30, 2003**

<b>Cash Flows from Operating Activities</b>	
Operating Income (Loss)	\$ (3,348)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	3,074
Increase (Decrease) in Accounts Payable Other	(7)
Increase (Decrease) in Deferred Revenue - Self-Sufficiency Exercise	40
Increase (Decrease) in Due to Other Governments	1,423
Increase (Decrease) in Due to HUD - Voucher Program	<u>2,897</u>
Net Cash Provided by Operating Activities	<u>4,179</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Interest Income	<u>52</u>
Net Cash Provided by Noncapital Financing Activities	<u>52</u>
<b>Net Increase in Cash</b>	4,230
Cash, Beginning of Year	<u>44,641</u>
Cash, End of Year	<u>\$ 48,871</u>

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA**  
**Notes to the Financial Statements**  
**As of and for the Year Ended September 30, 2003**

**Introduction**

The Housing Authority of Washington Parish (Housing Authority) was created on July 17, 1981, under Louisiana Revised Statute (LSA-R.S.) 48:991 to engage in the acquisition, development, and administration of a low cost housing program to provide safe, sanitary, and affordable housing to the citizens of the parish. On January 8, 1986, a resolution by the Washington Parish Council (formerly Police Jury) was passed to request the Grantorship of the HUD Housing Choice Voucher Program to be transferred to the Housing Authority.

The Housing Authority is administered by a 5-member board appointed by the Washington Parish Council (formerly Police Jury). Members on the board serve 4-year terms.

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 low cost housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the authority in leasing of housing units and to make annual contributions (subsidies) to the authority for the purpose of maintaining this low cost character.

The Housing Authority participates in the Housing Choice Voucher Program funded by the U.S. Department of Housing and Urban Development. This program provides rental assistance to help very low income families afford decent, safe, and sanitary rental housing.

As September 30, 2003, the Authority was authorized for funding of 153 public housing units.

**I. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent these standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Washington Parish Housing Authority has elected not to follow subsequent private-sector guidance.

The accompanying schedule, "Supplemental Financial Data Schedule", is on pages 27 through 36. The purpose of this schedule is to provide information to analyze the financial condition of each PHA, without additional inquiry from the field offices or preparing more HUD forms.

**B. Reporting Entity**

GAISS Statement No. 14 established criteria for determining which component unit should be considered part of the Washington Parish Council (formerly Police Jury) for financial reporting purposes. The basic criterion for including a potential component unit with the financial reporting entity is financial accountability.



**Housing Authority of Washington Parish, PHA**  
**Notes to the Financial Statements**  
**As of and for the Year Ended September 30, 2003**

Because the Washington Parish Council (formerly Police Jury) appoints the board of the Housing Authority, has the ability to impose its will and the potential for financial benefit or financial burden, the Housing Authority was determined to be a component unit of the Washington Parish Council (formerly Police Jury), the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Housing Authority and do not present information on the Washington Parish Council (formerly Police Jury), the general government services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

**C. Fund Accounting**

The Housing Authority is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues and expenses. The operations are financed in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

**B. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

**Revenues**

Operating subsidies and the annual contributions received from HUD are recorded when earned. Federal restricted grants are recorded when reimbursable expenditures have been incurred.

Rental income is recorded in the month earned.

**Expenditures**

Expenditures are recorded when the related liability is incurred.

**Deferred Revenues**

The Housing Authority reports deferred revenues on its balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

**Housing Authority of Washington Parish, FHA**  
**Notes to the Financial Statements**  
**As of and for the Year Ended September 30, 1995**

**E. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**F. Fixed Assets**

Fixed assets of the Housing Authority are included on the balance sheet of the fund. Interest costs (if any) incurred during construction are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are reported net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of three to ten years.

**G. Compensated Absence**

The Housing Authority has two employees, who are not subject to vacation or sick leave accruals.

**H. Use of Estimates**

The preparation of financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 reported period. Actual results could differ from those estimates.

**Housing Authority of Washington Parish, PLLC**  
**Notes to the Financial Statements**  
**As of and for the Year Ended September 30, 2003**

**2. Cash and Cash Equivalents**

At September 30, 2003, the Housing Authority has cash and cash equivalents (bank balances) totaling \$48,371 as follows:

Interest-bearing demand deposit	\$	43,500
Time deposits		4,871
Total	\$	<u>48,371</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2003, the Housing Authority has \$48,371 in deposits (collected bank balances), consisting of \$43,500 in demand deposit accounts and \$4,871 in a time and savings account. The demand deposit accounts and the time and savings account are each secured from risk by \$100,000 of federal deposit insurance.

**3. Receivables/Payables**

The U.S. Department of Housing and Urban Development (HUD) makes periodic payments of annual contributions upon receipt and approval from the Housing Authority of a completed "Requestion for Partial Payment of Annual Contributions". At fiscal year-end, a "Voucher for Payment of Annual Contributions and Operating Statement" (year-end settlement) is submitted by the Housing Authority to HUD in order to obtain a final settlement of annual contributions. If the voucher reflects that HUD has underpaid the annual contribution, HUD will make payment of the underpayment. After verification of the amounts shown on the voucher. If the voucher reflects that HUD has overpaid the annual contributions due to the Housing Authority, the amount of the overpayment shall be forwarded to HUD, together with the original submission of the completed voucher.

For the fiscal year ending September 30, 2003, the Housing Authority recorded an amount of \$8,140 due to HUD under the Housing Choice Voucher Program.

In addition, the Housing Authority at September 30, 2003, recorded a liability of \$1,422 for amounts Due to Other Governments. The amount of \$1,422 is due to the State of Louisiana for unclaimed checks expended for supplies and office expense.

**Housing Authority of Washington Parish, PHA**  
**Notes to the Financial Statements**  
**As of and for the Year Ended September 30, 2003**

**4. Fixed Assets**

A summary of fixed assets as September 30, 2003, follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Equipment	\$ 18,633	\$ 11,763	\$ 6,870
Total	<u>\$ 18,633</u>	<u>\$ 11,763</u>	<u>\$ 6,870</u>

Equipment is depreciated using the useful lives of 3 to 10 years. All assets are depreciated by the straight-line method. Total depreciation expense of \$3,874 was recorded for the fiscal year ending September 30, 2003.

**5. Related Party Transactions**

There were no related party transactions during the year ended September 30, 2003.

**6. Litigation and Claims**

There were no litigation and claims during the year ended September 30, 2003.

**Housing Authority of Washington Parish, PEA  
Fondren, Louisiana  
Supplemental Information Schedules  
(GAAP Basis)  
For the Year Ended September 30, 2015**

**GENERAL**

**COMPENSATION OF BOARD MEMBERS**

All of the board members of the Housing Authority of Washington Parish serve without compensation.

Boarding Authority of Washington Parish, HA  
Franklinton, Louisiana

Schedule I

Schedule of Compensation Paid Board Members  
(GAAP Basis)  
For the Year Ended September 30, 2003

<u>Name, Address, and Telephone Number</u>	<u>Compensation</u>	<u>Term Expires</u>
Freddie Jefferson, President 31101 School Road Post Office Box 333 Angie, LA 70426 (985) 836-2460	None	September, 2004
Walter Crain, Vice-President Post Office Box 19 Franklinton, LA 70438 (985) 839-4829	None	Pending Extension of Term
Henry Harrison 26212 Old Columbia Road Franklinton, LA 70438 (985) 839-7853	None	Pending Extension of Term
Bernell Johnson 29622 W18 Roberts Road Angie, LA 70428 (985) 946-2912	None	June, 2004
Clarice Fitzgerald 63076 Main Street Angie, LA 70426 (985) 733-0363	None	July, 2003

All of the commissioners served without compensation.

Housing Authority of Washington Parish, PBA  
Franklinton, Louisiana

Supplemental Information Schedule  
For the Year Ended September 30, 2003

GENERAL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND AUDIT FINDINGS RESOLUTION

In accordance with Office of Management and Budget Circular A-133, schedules of expenditures of federal awards, follow-up and corrective action taken on prior audit findings, and corrective action plan for current year audit findings are presented.

Housing Authority of Washington Parish, FBA  
Franklinton, Louisiana

Schedule 2

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2000

<u>Federal Grantor Pass-Through Grantor Program Name</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
United States Department of Housing and Urban Development			
Housing Choice Voucher Program	14.871	LA21790	\$ <u>158,736</u>
Total Federal Financial Assistance			\$ <u>158,736</u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Washington Parish Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, "Audit of State, Local Governments, and Non-Profit Organizations".

The accompanying notes are an integral part of these statements.



Housing Authority of Washington Parish, PHA  
Franklin, Louisiana

Schedule 2

Summary Schedule of Prior Year Audit Findings  
For the Year Ended September 30, 2002

**Section I - Internal Control and Compliance Material to the Financial Statements**

No Section I Findings.

**Section II - Internal Control and Compliance Material to Federal Awards**

No Section II Findings.

**Section III - Management Letter**

Included within this section were two management findings related to budgetary controls. Each of the findings were included as "Management Findings" since the Housing Authority was in substantial compliance with HUD operating guidelines. However, in each case we noted that the conditions could be compliance findings if not corrected for future fiscal years.

Reference Number: 2002-M1

**Fiscal Year Finding Initially Occurred Fiscal Year Ending September 30, 2002**

**Description of Findings:**

We noted that during the fiscal year ending September 30, 2002, Washington Parish Housing Authority consistently leased voucher housing units in excess of the authorized total lease units of 155 per month. Public Housing Authorities (PHAs) that lease additional units above authorized limits are engaged in "Maximized Leasing". "Maximum Leased Units" means the number of leased units in excess of the number reserved. For the month of September 2002, the Washington Parish Housing Authority leased 178 units, 21 units above authorized limits. HUD Notice PH 2002-6 (HA) notes that a PHA may lease up as many vouchers within the PHA's annual budget authority as can be prudently supported for the current fiscal year even if the number of vouchers exceeds the number of units reserved. However, the PH notice emphasizes that the PHA should examine the long-term effect of over-leasing to make sure it does not jeopardize adequate funding support for the reserved number of units in future years. The units supported above the PHA's reserved number of units (maximized leasing units) are not considered in HUD's calculation of the allocation of renewal funding. Basically this means that although HUD reimbursed Washington Parish Housing Authority for Housing Assistance Payments and Administrative Fees Earned for maximized leasing units, HUD will not include the extra costs when determining budget allocations, and is not obligated to reimburse Washington Parish Housing Authority for these additional costs in the following fiscal year.

We recommended the following:

- 1) Reduce the number of units leased, through attrition, to a total of 155 units (total reserved number of units approved by HUD). As noted, Maximized Leasing, is acceptable for the current fiscal year, but the PHA must actively reduce the number of units leased to authorized limits, and report their progress to the HUD representative.
- 2) Maintain contact with the local HUD office to determine the appropriate time to apply for additional funding.

(Continued)

Housing Authority of Washington Parish, PMA  
Franklin, Louisiana

Schedule B

Summary Schedule of Prior Year Audit Findings  
For the Year Ended September 30, 2003

**Corrective Action Taken: Final**

Corrective action taken is listed as "Final" only because continuation of this finding is included in the Corrective Action Plan for Current Year Audit Findings as Reference Number 2003-F1.

**Planned Corrective Action Taken:**

Management noted that they had received the total number units leased to: 166 at September 30, 2003 and would contact the local HUD office concerning application for additional funding. As of audit report date, additional funding was not available, and the average number units occupied for the fiscal year ending September 30, 2003 was 151.79 units (utilization rate of 90.77%).

As noted above, this finding is listed as "Final" since continuation of this finding is included within Reference Number 2003-F1 within the Corrective Action Plan for Current Year Audit Findings. During the current fiscal year, the recent Omnibus Bill signed by Congress prohibits HUD from paying for over-leasing. The progress of the Washington Parish Housing Authority in covering this condition is included within Reference Number 2003-F1.

Reference Number: 2002-02

**Fiscal Year Finding Initially Occurred: Fiscal Year Ending September 30, 2002**

**Description of Findings:**

For the fiscal year ending September 30, 2002, the Washington Parish Housing Authority incurred a Net Loss of \$8,687. Although the loss did not deplete operating reserves, the loss did reduce the operating reserves from \$48,728 at September 30, 2001 to \$40,051 at September 30, 2002. Basically the Washington Parish Housing Authority must operate within the budget approved by HUD, since no other funds are available. Continuous operation at a net loss would affect ability to fund the Voucher Program. We recommended that the Board review the current level of expenditures and if necessary revise the level of expenditures based on the corresponding level of HUD funding for the Voucher Program. We recommended more accurately determine total earned income (housing and utility assistance payments, administrative fees, approved and a cost, and approved maintenance for the self-sufficiency coordinator), and comparing the approved earned income to the actual costs incurred for the month. However, we also recommended that the PMA not include administrative fees earned or housing assistance payments for units in excess of the allowed units, since there is no assurance these amounts will be paid in future years.

For the fiscal year ended September 30, 2003, we noted that the Housing Authority had a Net Loss of \$1,196 which was an improvement of \$5,491 from the prior year loss of \$8,687. We recommend that the Board continue to review and reduce expenditures to a level that eliminates the Net Loss.

**Corrective Action Taken: Partial**

**Planned Corrective Action Taken:**

The Board of Washington Parish Housing Authority indicated that they would review budget-to-actual reports and adjust total expenditures as required.

(Continued)

Housing Authority of Washington Parish, PHA  
Franklin, Louisiana

Schedule 4

Corrective Action Plan for Current Year Audit Findings  
For the Year Ended September 30, 2003

**Section I. Internal Control and Compliance Material to the Financial Statements**

No Section I Findings.

**Section II. Internal Control and Compliance Material to Federal Awards**

Reference Number: 2003-F1

**Descriptions of Findings:**

For the fiscal year ended September 30, 2003, we noted (within Reference Number 2003-F11 of the Summary Schedule of Prior Year Audit Findings) that the Washington Parish Housing Authority consistently leased voucher housing units in excess of the authorized total lease units of 151 per month. We noted that Public Housing Authorities (PHAs) that lease additional units above authorized limits are engaged in "Maximized Leasing" (leasing units in excess of the number reserved). We also noted administrative guidelines that discourage over-leasing and state that HUD is not obligated to reimburse the PHA for these additional costs in the following fiscal year. More recently, the passage of the Omnibus Bill by Congress prohibits HUD from paying for over-leasing.

At September 30, 2002, the Washington Parish Housing Authority had 186 units under lease. At September 30, 2003, the Housing Authority had 148 units under lease (within the 151 approved units), but averaged 137.73 units for the fiscal year ending September 30, 2003, for a utilization rate of 101.77%. We recommend that the Housing Authority continue to monitor the number of units leased and not exceed a utilization rate of 100%. Since the Housing Authority has taken significant steps to address this matter, this finding is included as a Reportable Condition relating to the "Cash Management" compliance requirement for the Major Program (Housing Choice Voucher Program - CFDA 14.871), but is not a material weakness.

**Corrective Action Planned (Response by Management):**

We have made significant progress in complying with provisions of the Omnibus Bill, and will continue to monitor our lease-up rate to stay within approved limits.

**Anticipated Completion Date:**

We are now complying with this recommendation.

**Name of Contact Person:**

Freddie Jefferson, President  
11701 School Road  
Post Office Box 133  
Angie, LA 70426  
(815) 886-3460

**Section III - Management Letter**

No Section III Findings.

Housing Authority of Washington Parish, PHA  
Franklinston, Louisiana

Schedule B

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2003

**I. Type of Report Issued on the Financial Statements.**

A unqualified opinion was issued on the financial statements for the Housing Authority of Washington Parish, Franklinston, Louisiana.

**II. Disclosure of Reportable Conditions in Internal Control.**

There was one reportable condition disclosed by the audit of the financial statements of the Housing Authority, included as Reference Number 2003-F1 within the Corrective Action Plan for Current Year Audit Findings. This finding was not included as a material weakness.

**III. Disclosure of Noncompliance Material to the Financial Statements.**

There were no material instances of noncompliance disclosed by the audit of the financial statements of the Housing Authority of Washington Parish, which are required to be reported in accordance with Government Auditing Standards.

**IV. Disclosure of Reportable Conditions in Internal Control over Major Programs.**

There was one reportable condition for Major Programs for the Housing Authority of Washington Parish for the fiscal year ending September 30, 2003, included as Reference Number 2003-F1 within the Corrective Action Plan for Current Year Audit Findings. This finding related to the Major Program, Housing Choice Voucher Program (CFDA 14.871), and was not included as a material weakness.

**V. Type of Report Issued for Major Programs.**

Unqualified.

**VI. Disclosure of Audit Findings Required to be Reported under § 500.510 Audit Findings.**

There was one finding to be reported under § 500.510 Audit Findings, included as Reference Number 2003-F1 within the Corrective Action Plan for Current Year Audit Findings. This finding related to the Major Program, Housing Choice Voucher Program (CFDA 14.871), and was not included as a material weakness.

**VII. Identification of Major Programs.**

The Major Program for the Housing Authority of Washington Parish was the Housing Choice Voucher Program (CFDA 14.871).

**VIII. Dollar Threshold to Distinguish Between Type "A" and Type "B" programs.**

Expenditures of \$200,000.

**IX. Statement as to Whether the Audites qualified as Low-Risk Audites under § 500.510.**

Yes.

(Continued)

Housing Authority of Washington Parish, PRA  
Franklinton, Louisiana

Schedule 5

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2003

X. Findings - Financial Statement Audit

There was one finding to be reported in accordance with GAGAS for the fiscal year ending September 30, 2003, included as Reference Number 2003-F1 within the Corrective Action Plan for Current Year Audit Findings.

XI. Findings and Questioned Costs for Federal Awards

There was one finding for the Housing Authority of Washington Parish for the fiscal year ending September 30, 2003, included as Reference Number 2003-F1 within the Corrective Action Plan for Current Year Audit Findings, as described below:

	<u>Questioned Costs</u>
<b>Finding Reference Number 2003-F1.</b>	None
U.S. Department of Housing and Urban Development Housing Choice Voucher Program (CFDA 14.870)	
Grant Number: LA215	
<b>Conditions and Criteria:</b> "Cash" compliance requirements for the Housing Choice Voucher Program require that the Housing Authority not lease units in excess of the approved unit total of 155. The finding noted that at September 30, 2002, the Washington Parish Housing Authority leased a total of 166 units. At September 30, 2003, the Housing Authority had 149 units under lease (within the 155 approved units), but averaged 157.79 units for the fiscal year ending September 30, 2003, for a utilization rate of 101.77%. We noted the PRA's progress in reducing leased units to the approved level, but recommended that the Housing Authority continue to monitor the number of units leased and not exceed a utilization rate of 100%. Since the Housing Authority has taken significant steps to address this matter, this finding is included as a Reportable Condition relating to the "Cash Management" compliance requirement for the Major Program (Housing Choice Voucher Program - CFDA 14.870), but not a material weakness.	
<b>Effect:</b> There was no measurable effect on operations of federal programs, since the Department of Housing & Urban Development reserved budgetary needs of the Washington Parish Housing Authority and provided funding at fiscal year-end to fund short-term budget requirements.	
<b>Cause:</b> The Washington Parish Housing Authority over-leased in prior fiscal years.	
<b>Auditor's Recommendation:</b> We recommended that the Housing Authority continue to monitor the number of units leased and not exceed a utilization rate of 100%.	
<b>Grantor Response:</b> We will comply to auditor's recommendation.	

(Continued)

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

To the Board of Commissioners  
Housing Authority of Washington Parish  
Franklin, Louisiana 70438

We have audited the general purpose financial statements of the Housing Authority of Washington Parish, Louisiana, as of and for the year ended September 30, 2003, and have issued our report thereon dated January 12, 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Washington Parish Housing Authority's financial statements are free of material misstatement, we performed tests of the Housing Authority's 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 test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Housing Authority of Washington Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Washington Parish Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Corrective Action Plan for Current Year Audit Findings as Reference Number 2003-F1.

**BRUCE HARRELL & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER FIDELITY&PROMETHEUS CORPORATION

To the Board of Commissioners  
Housing Authority of Washington Parish

Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable weaknesses and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management, the Legislative Auditor and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs

A Professional Accounting Corporation

January 12, 2004

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

To the Board of Commissioners  
Housing Authority of Washington Parish  
Franklin, Louisiana 70435

**Compliance**

We have audited the compliance of the Housing Authority of Washington Parish with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2011. The Housing Authority of Washington Parish's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Washington Parish's management. Our responsibility is to express an opinion on the Housing Authority of Washington Parish'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, *Audit of States, Local Governments, and Non-Profit Organizations*. These 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 referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Washington Parish'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 the Housing Authority of Washington Parish's compliance with those requirements.

In our opinion, the Housing Authority of Washington Parish complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2011.

**Internal Control Over Compliance**

The management of the Housing Authority of Washington Parish 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 the Housing Authority of Washington Parish'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.



**BRUCE BARRELL & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Accounting Corporation

To the Board of Commissioners  
Housing Authority of Washington Parish  
Page 2

We noted certain matters involving the Housing Authority of Washington Parish's internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Reference Number 2003-F1.

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

However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Bruce Barrell & Company, CPAs  
A Professional Accounting Corporation

January 12, 2004

**FINANCIAL DATA SCHEDULES**  
*As Electronically Submitted*  
(Schedules required to meet HUD regulatory requirements.)

**Housing Authority of Washington Parish, FHA  
Franklin, Louisiana**

Financial Data Schedule for FHA Number LA217  
Balance Sheet  
For the Fiscal Year Ended September 30, 2003

Schedule B

Line	Account Description	Housing Choice Voucher Program (482)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash:		
111	Cash - unrestricted	\$ 41,581
112	Cash - restricted - modernization and etc.	-
113	Cash - other restricted	1,366
114	Cash - instant security deposits	-
199	Total cash	\$ 42,947
Accounts and notes receivable:		
121	Accounts receivable - FHA projects	\$ -
122	Accounts receivable - HUD other projects	-
124	Accounts receivable - other government	-
125	Accounts receivable - miscellaneous	-
126	Accounts receivable - tenants - dwelling units	-
126.1	Allow. for doubtful accounts - dwelling units	-
126.2	Allow. for doubtful accounts - other	-
127	Notes and mortgages receivable - current	-
128	Fraud recovery	-
128.1	Allowance for doubtful accounts - fraud	-
129	Accrued interest receivable	-
130	Total receivables, net of all allowances for collect.	\$ 0
Current investments		
131	Investments - unrestricted	\$ -
132	Investments - restricted	-
142	Prepaid expenses and other assets	-
143	Inventories	-
143.1	Allowance for obsolete inventories	-
144	Intergovernmental due from	-
198	Amounts to be provided	-
199	<b>TOTAL CURRENT ASSETS</b>	\$ 42,947
<b>NONCURRENT ASSETS:</b>		
Fixed assets:		
161	Land	\$ -
162	Buildings	-
163	Furniture, equipment & mach. - dwellings	-
164	Furniture, equipment & mach. - admin.	19,875
165	Leasehold improvements	-
166	Accumulated depreciation	(11,360)
169	Total fixed assets, net of accumulated deprec.	\$ 8,515
171	Notes and mortgages fixed ratio - non-current	\$ -
172	Notes and mortgages receivable non-current past due	-
174	Other assets	-
175	Unrecorded debts	-
176	Investment in joint ventures	-
199	<b>TOTAL NONCURRENT ASSETS</b>	\$ 8,515
199	<b>TOTAL ASSETS</b>	\$ 51,462

Housing Authority of Washington Parish, HA  
Franklin, Louisiana

Financial Data Schedule for PHA Number LA217  
Balance Sheet  
For the Fiscal Year Ended September 30, 2003

Schedule 4

Line	Account Description	Housing Choice Voucher Program 10/01
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
311	Bank overdraft	-
312	Accounts payable - other	6,690
313	Accounts payable > 90 days past due	-
314	Accrued wage/personnel taxes payable	-
322	Accrued compensated absences	-
324	Accrued contingency liability	-
328	Accrued interest payable	-
331	Accounts payable - HUD PHA program	8,340
332	Accounts Payable - PHA Project	-
333	Accounts payable - other phs	1,412
340	Unpaid annuity deposits	-
342	Deferred revenues	5,888
343	Current portion of L/T debt - capital projects	-
344	Current portion of L/T debt - oper. borrowings	-
345	Other current liabilities	-
346	Accrued liabilities - other	-
347	Non-program (Net no)	-
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>19,930</b>
<b>NONCURRENT LIABILITIES:</b>		
351	Long-term debt, net of current - capital projects	-
352	Long-term debt, net of current - oper. borrowings	-
353	Noncurrent liabilities - other	-
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>-</b>
300	<b>TOTAL LIABILITIES</b>	<b>19,930</b>
<b>EQUITY:</b>		
401	Investment in general fund assets	-
Contributed Capital:		
400	Project notes (HUD)	-
402	Long-term debt - HUD guaranteed	-
403	Net HUD PHA contributions	-
404	Other HUD contributions	-
407	Other contributions	-
408	<b>Total contributed capital</b>	<b>-</b>
Reserved fund balances:		
409	Reserved for operating activities	-
410	Reserved for capital activities	-
411	<b>Total reserved fund balances</b>	<b>-</b>
412	Unbudgeted fund balances/retained earnings	16,830
413	<b>TOTAL EQUITY</b>	<b>16,830</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>36,760</b>

Boarding Authority of Washington Parish, PMA  
Franklin, Louisiana

Financial Data Schedule for PMA Number LA217  
Revenue and Expense Schedule  
For the Fiscal Year Ended September 30, 2003

Schedule C  
(Continued)

Line	Account Description	Amount	Housing Choice Voucher Program 14.871
<b>REVENUE:</b>			
700	Net (leased) rental revenue	\$	
705	Tenant revenues - other		
705	Total tenant revenues		
706	HUD PMA grants		345,078
708	Other government grants		
711	Investment income - unrestricted		32
712	Mortgage interest income		
714	Fraud recovery		
715	Other income		
716	Gains or loss on the sale of fixed assets		
730	Investment income - restricted		
700	<b>TOTAL REVENUE</b>	\$	<b>345,110</b>
<b>EXPENSES:</b>			
<b>Administrative</b>			
811	Administrative salaries	\$	64,200
812	Accounting and Auditing fees		8,047
813	Outside management fees		
814	Compensated absence		
815	Employee benefit contributions-administrative		4,935
816	Other operating-administrative		21,198
<b>Tenant services</b>			
821	Tenant services - salaries		
822	Relocation costs		
823	Employee benefit contributions-tenant serv.		
824	Tenant services - other		
<b>Utilities</b>			
931	Water		
932	Electricity		
933	Gas		
934	Fuel		
935	Laundry		
937	Employee benefit contributions-utilities		
938	Other utility expense		
<b>Ordinary maintenance &amp; operation</b>			
941	Ordinary maint and op - labor		
942	Ordinary maint. and op - materials & other		
943	Ordinary maintenance and op - contract work		
945	Employee benefit contributions-ord. maint.		

**Housing Authority of Washington Parish, PHA  
Franklin, Louisiana**

Financial Data Schedule for PHA Number LA217  
Revenue and Expense Schedule  
For the Fiscal Year Ended September 30, 2003

Schedule 4  
(Continued)

Line	Account Description	Housing Choice Voucher Program (4-RT)
	<b>Protective services</b>	
811	Protective services - labor	•
822	Protective services - other contract work	•
833	Protective services - other	•
835	Employee benefit contributions- protective serv.	•
	<b>General expenses</b>	
901	Insurance premiums	•
902	Other General Expenses	•
903	Payments in lieu of taxes	•
904	Bad debt - tenant rent	•
905	Bad debt- mortgages	•
906	Bad debt - other	•
907	Interest expense	•
908	Severance expense	•
909	<b>TOTAL OPERATING EXPENSES</b>	<b>89,102</b>
978	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>448,102</b>
971	Extraordinary maintenance	•
972	Casualty losses - non capitalized	•
973	Housing assistance payments	649,284
974	Depreciation expense	3,074
975	Flood losses	•
976	Capital outlay- governmental funds	•
977	Debt principal payment- governmental funds	•
978	Devolving units rent expense	•
998	<b>TOTAL EXPENSES</b>	<b>519,726</b>
	<b>OTHER FINANCING SOURCES (USES)</b>	
1001	Operating transfers in	•
1002	Operating transfers out	•
1003	Operating transfers from primary government	•
1004	Operating transfers from component unit	•
1005	Proceeds from notes, bonds and funds	•
1006	Proceeds from property sales	•
1010	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>•</b>
1000	<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>13,186</b>