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Housing Authority of Washington Parish, PHA

Annual Financial Report

Year Ended September 30, 1998

HUD SECTION 8

HOUSING ASSISTANCE PAYMENTS PROGRAM
EXISTING HOUSING CERTIFICATES
PROJECT LA-48-E217-002
ANNUAL CONTRIBUTIONS CONTRACT FW-2138

VOUCHER PROGRAM
PROJECT LA-48-V217-001
ANNUAL CONTRIBUTIONS CONTRACT FW-2259V

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAR 10 1999

**Housing Authority of Washington Parish, PHA
Annual Financial Report
As of and For the Year Ended September 30, 1998**

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**Housing Authority of Washington Parish, PHA
Annual Financial Report
As of and For the Year Ended September 30, 1998**

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BRUCE HARRELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Bruce C. Harrell, CPA

Warren A. Wool, CPA

Michael P. Estay, CPA

Dale H. Jones, CPA

Charles P. Hebert, CPA

James D. Rabalais, CPA

109 West Minnesota Park

Park Place Suite 7

Hammond, LA 70403

VOICE: (504) 542-6372

FAX: (504) 345-3156

KENTWOOD OFFICE

P.O. Box 45 - 602 Fifth St.

Kentwood, LA 70444

VOICE: (504) 229-5955

FAX: (504) 229-5951

MEMBERS

American Institute of CPAs

Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying component unit financial statements of the Housing Authority of Washington Parish, Louisiana, as of and for the year ended September 30, 1998, as listed in the table of contents. These component unit 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.

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

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Housing Authority of Washington Parish has included such disclosures in Note 6. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Housing Authority of Washington Parish's disclosures with respect to the year 2000 issue made in note 6. Further, we do not provide assurance that the Housing Authority of Washington Parish's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Housing Authority of Washington Parish does business with will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the component unit financial statements present fairly, in all material respects, the financial position of the Housing Authority of Washington Parish, Louisiana, as of September 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principals.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 1999 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.

BRUCE HARRELL & CO.

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A Professional Accounting Corporation

Page 2

Our audit was performed for the purpose of forming an opinion on the component unit financial statements of the Housing Authority of Washington Parish, Louisiana, taken as a whole. The accompanying schedules of individual HUD Section 8 Housing Assistance Payments programs, presented on a comprehensive basis of accounting other than generally accepted accounting principles, 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 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 component unit financial statements. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated, in all material respects, in relationship to the component unit financial statements taken as a whole.



Bruce Harrell & Company, CPAs

A Professional Accounting Corporation

January 7, 1999

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
All Fund Types and Account Groups**

Statement A

**Balance Sheet
September 30, 1998**

	Governmental Fund	Account Group	Totals
	General Fund	General Fixed Assets	(Memorandum Only)
Assets			
Assets:			
Cash	\$ 116,373	\$ -	\$ 116,373
Furniture and Equipment	-	4,303	4,303
Total Assets	\$ 116,373	\$ 4,303	\$ 120,676
 Liabilities, Equity and Other Credits			
Liabilities:			
Accounts Payable - HUD	\$ 91,397	\$ -	\$ 91,397
Accounts Payable - Other	4,906	-	4,906
Total Liabilities	96,303	-	96,303
 Equity and Other Credits:			
Investment in General Fixed Assets	-	4,303	4,303
Fund Balance	20,070	-	20,070
Total Equity and Other Credits	20,070	4,303	24,373
Total Liabilities, Equity and Other Credits	\$ 116,373	\$ 4,303	\$ 120,676

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Governmental Fund**

Statement B

**Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 1998**

	<u>General Fund</u>
Revenues	
Intergovernmental:	
Contributions Received from HUD	\$ 407,943
Interest Earned	10
Total Revenues	<u>407,953</u>
 Expenditures	
General and Administrative:	
Ongoing Administrative Fees	67,137
Hard to House Fees	-
Accountant Audit Cost	2,050
Housing Assistance Program Payments	342,019
Preliminary Administrative Fees	-
Preliminary Non-Expendable Equipment	-
Total Expenditures	<u>411,206</u>
 Excess of Revenues (Expenditures)	 (3,253)
Fund Balance at Beginning of Year	<u>23,323</u>
Fund Balance at End of Year	<u>\$ 20,070</u>

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
General Fund**

Statement C

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual
For the Year Ended September 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental:			
Contributions Received from HUD	\$ 489,950	\$ 407,943	\$ (82,007)
Interest Earned	-	10	10
Total Revenues	<u>489,950</u>	<u>407,953</u>	<u>(81,997)</u>
Expenditures			
General and Administrative:			
Ongoing Administrative Fees	75,187	67,137	8,050
Accountant Audit Cost	1,950	2,050	(100)
Housing Assistance Program Payments	412,813	342,019	70,794
Preliminary Administrative Fees	-	-	-
Preliminary Non-Expendable Equipment	-	-	-
Total Expenditures	<u>489,950</u>	<u>411,206</u>	<u>78,744</u>
Excess of Revenues (Expenditures)	-	(3,253)	(3,253)
Fund Balance at Beginning of Year	<u>23,323</u>	<u>23,323</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 23,323</u>	<u>\$ 20,070</u>	<u>\$ (3,253)</u>

The accompanying notes are an integral part of these statements.

Housing Authority of Washington Parish, PHA
Notes to Financial Statements
As of and For the Year Ended September 30, 1998

INTRODUCTION

The Housing Authority of Washington Parish (Housing Authority) was created on July 17, 1985, under Louisiana Revised Statute (LSA-R.S.) 40:391 to engage in the acquisition, development, and administration of a low rent 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 Grantecship of the HUD Section 8 Program 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 rent 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 rent character.

The Housing Authority participates in Section 8 housing assistance payment programs. The existing and moderate rehabilitation programs provide assistance to low-income persons seeking housing by subsidizing rents between tenants and owners of existing private housing. Under these two programs, the authority enters into housing assistance payment contracts with landlords. Section 8 Rental Voucher Program, another Section 8 housing assistance program, provides assistance to low-income families. The program provides for a voucher that can be used by the tenant to pay rent to any landlord he chooses.

At September 30, 1998, the authority managed 131 public housing units and provided assistance to 131 Section 8 housing units.

1. 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.

The accompanying schedules of the Housing Authority on pages 14-25, are on the basis of accounting prescribed or permitted by the U. S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

B. REPORTING ENTITY

GASB 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 within the financial reporting entity is financial accountability.

Housing Authority of Washington Parish, PHA
Notes to Financial Statements
As of and For the Year Ended September 30, 1998

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 uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

The fund of the Housing Authority is classified into one category. It is a governmental fund type. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds account for all or most of the authority's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets. The Housing Authority governmental fund is a general fund.

The general fund is the general operating fund of the authority and accounts for all financial resources, except those required to be accounted for in other funds. The general fund includes transactions of the low rent housing assistance programs.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

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

Rental income is recorded in the month earned.

Housing Authority of Washington Parish, PHA
Notes to Financial Statements
As of and For the Year Ended September 30, 1998

Expenditures

Expenditures are recorded when the related liability is incurred.

E. BUDGET AND BUDGETARY ACCOUNTING

In accordance with a HUD requirement, the Housing Authority prepares and submits a budget for the next fiscal year for approval by HUD. Any amendments to the budget must be approved by HUD.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand 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.

G. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

H. COMPENSATED ABSENCES

The Housing Authority has one full-time employee and one part-time employee, who are not subject to vacation or sick leave accruals.

I. TOTAL COLUMNS

The total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

At September 30, 1998, the Housing Authority has cash and cash equivalents (book balances) totaling \$116,373 as follows:

Demand deposits	\$ 115,887
Interest-bearing demand deposit	486
Total	<u>\$ 116,373</u>

Housing Authority of Washington Parish, PHA
Notes to Financial Statements
As of and For the Year Ended September 30, 1998

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, 1998, the Housing Authority has \$120,415 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$20,415 of pledged securities held by the custodial bank in the name of the fiscal agent bank (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited upon demand.

3. FIXED ASSETS

The changes in general fixed assets follow:

	Balance 10/01/97	Additions	Deletions	Balance 9/30/97
Equipment	\$ 3,203	\$ 1,100	\$ -	\$ 4,303
Total	<u>\$ 3,203</u>	<u>\$ 1,100</u>	<u>\$ -</u>	<u>\$ 4,303</u>

4. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year ended September 30, 1998.

5. LITIGATION AND CLAIMS

There were no litigation and claims during the year ended September 30, 1998.

6. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Housing Authority of Washington Parish has not inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the Housing Authority of Washington Parish operations. It is unknown as of September 30, 1998, what effects, if any, failing to remediate any such systems will have upon the Housing Authority of Washington Parish operations and financial reporting.

Because of the unprecedented nature of the Year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Housing Authority of Washington Parish is or will be Year 2000 ready, that the Housing Authority of Washington Parish's remediation efforts will be successful in whole or in part, or that parties with whom the Housing Authority of Washington Parish does business will be year 2000 ready.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Supplemental Information Schedules
(Statutory Basis)
For the Year Ended September 30, 1998**

(Schedules required to meet HUD regulatory requirements.)

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund

Schedule 1

HUD Section 8
Housing Assistance Payments Program
Project LA-48-E217-002
Existing Housing Certificates
Annual Contributions Contract FW-2138

Balance Sheet
September 30, 1998

Assets

Cash	\$	96,156
Equipment		2,919
Due from HUD Voucher Program		5,371
Total Assets	\$	<u>104,446</u>

Liabilities and Surplus

Liabilities:		
Accounts Payable - HUD	\$	76,274
Accounts Payable - Other		4,906
Total Liabilities		<u>81,180</u>
Surplus - See Statement of Analysis of Surplus		23,266
Total Liabilities and Surplus	\$	<u>104,446</u>

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund**

Schedule 2

H.U.D. Section 8
Housing Assistance Payments Program
Project LA-48-E217-002
Existing Housing Certificates
Annual Contributions Contract FW-2138

**Schedule of Revenues, Expenditures, and Changes in Surplus - Budget and Actual
Year Ended September 30, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental:			
Contributions Received from HUD	\$ 397,113	\$ 322,026	\$ (75,087)
Interest Earned	-	10	10
Total Revenues	397,113	322,036	(75,077)
Expenditures			
General and Administrative:			
Ongoing Administrative Fees	63,279	61,765	1,514
Accountant Audit Cost	1,950	2,050	(100)
Housing Assistance Program Payments	331,884	268,317	63,567
Preliminary Administrative Fees	-	-	-
Non-Expendable Equipment	-	-	-
Total Expenditures	397,113	332,132	64,981
Excess of Revenues (Expenditures)	-	(10,096)	(10,096)
Surplus (Deficit), Beginning of Year	33,362	33,362	-
Surplus (Deficit), End of Year	\$ 33,362	\$ 23,266	\$ (10,096)

The accompanying notes are an integral part of these statements.

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund

Schedule 3

HUD Section 8
Housing Assistance Payments Program
Project LA-48-E217-002
Existing Housing Certificates
Annual Contributions Contract FW-2138

Schedule of Revenues and Expenditures
Year Ended September 30, 1998

Operating Income	\$	<u> -</u>
Operating Expenses		
Preliminary Administrative Expense - Prior to Annual Contribution Contract		-
Preliminary Administrative Expense - After Annual Contribution Contract		-
Administrative Expense		61,765
Accountant Audit Cost		2,050
General Expense		-
Housing Assistance Payments		<u>268,317</u>
Total Operating Expenses	\$	<u><u>332,132</u></u>

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund**

Schedule 4

HUD Section 8
Housing Assistance Payments Program
Project LA-48-E217-002
Existing Housing Certificates
Annual Contributions Contract FW-2138

**Analysis of Surplus
Year Ended September 30, 1998**

Unreserved Surplus

Balance, September 30, 1997	\$ (2,841,683)
Net Loss for FYE 9/30/98	(332,132)
Provision for Operating Reserve for FYE 9/30/98	10,096
Provision for Unfunded Project Account for FYE 9/30/98	75,077
Balance, September 30, 1998	<u>(3,088,642)</u>

Operating Reserve

Balance, September 30, 1997	102,167
Provision for Operating Reserve for FYE 9/30/98	(10,096)
Balance, September 30, 1998	<u>92,071</u>

Unfunded

Balance, September 30, 1997	58,425
Provision for Unfunded Project Account for FYE 9/30/98	(75,077)
Balance, September 30, 1998	<u>(16,652)</u>

Cumulative HUD Contributions

Balance, September 30, 1997	2,714,453
Annual Contributions for FYE 9/30/98	322,036
Balance, September 30, 1998	<u>3,036,489</u>

Total Surplus

\$ 23,266

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund**

Schedule 5

HUD Section 8
Housing Assistance Payments Program
Project LA-48-E217-002
Existing Housing Certificates
Annual Contributions Contract FW-2138

**Computation of Annual Contributions Earned and Project Account, Operating Reserve Changes
Year Ended September 30, 1998**

Total Annual Contribution Available	
Maximum Contribution for Period	\$ 424,313
Project Account at Beginning of Period	134,669
Total Annual Contribution Available	558,982
Annual Contribution Required	
Administrative Fee Earned	41,243
Family Self-Sufficiency Project Coordinator	10,426
Audit Fee	2,050
Housing Assistance Payments	268,317
Capital Expenditures Approved	-
Total Funds Required	322,036
Project Receipts Other Than Annual Contribution	(10)
Total Annual Contribution Required	322,026
Project Account Change	236,956
Operating Receipts	
Operating Income	-
Annual Contribution Earned	322,026
Interest Earned	10
Total Operating Receipts	322,036
Operating Expenditures	
Operating Expenses	332,132
Capital Expenditures	-
Total Operating Expenditures	332,132
Net Operating Receipts Available	(10,096)
Other Items	-
Increase (Decrease) in Provision for Operating Reserve	\$ (10,096)

The accompanying notes are an integral part of these statements.

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund

Schedule 6

HUD Section 8
Housing Assistance Payments Program
Project LA-48-E217-002
Existing Housing Certificates
Annual Contributions Contract FW-2138

Analysis of Special Revenue Fund Cash Balance
Year Ended September 30, 1998

Net Operating Receipts Retained:	
Operating Reserve: Section 8	\$ 23,266
Adjustments:	
Non-Expendible Equipment	(2,919)
Expenses/Cost Not Paid:	
Accounts Payable - HUD	76,274
Accounts Payable - Other	4,906
Items Not Received:	
Due From HUD Voucher Program	<u>(5,371)</u>
Special Revenue Fund Cash Available	\$ <u><u>96,156</u></u>

The accompanying notes are an integral part of these statements.

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund

Schedule 7

HUD Section 8
Housing Assistance Payments Program
Project LA-48-V217-001
Voucher Program
Annual Contributions Contract FW-2259V

Balance Sheet
September 30, 1998

Assets

Cash	\$	20,217
Equipment		1,384
Total Assets	\$	<u>21,601</u>

Liabilities and Surplus

Liabilities:

Accounts Payable - HUD	\$	15,123
Due to HUD Section 8 Housing		5,371
Total Liabilities		<u>20,494</u>

Surplus (Deficit) - See Statement of Analysis of Surplus
Total Liabilities and Surplus

		<u>1,107</u>
	\$	<u>21,601</u>

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund**

Schedule 8

HUD Section 8
Housing Assistance Payments Program
Project LA-48-V217-001
Voucher Program
Annual Contributions Contract FW-2259V

**Schedule of Revenues, Expenditures, and Changes in Surplus - Budget and Actual
Year Ended September 30, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental:			
Contributions Received from HUD	\$ 92,837	\$ 85,917	\$ (6,920)
Total Revenues	92,837	85,917	(6,920)
Expenditures			
General and Administrative:			
Ongoing Administrative Fees	11,908	5,372	6,536
Accountant Audit Cost	-	-	-
Housing Assistance Program Payments	80,929	73,702	7,227
Preliminary Administrative Fees	-	-	-
Total Expenditures	92,837	79,074	13,763
Excess of Revenues (Expenditures)	-	6,843	6,843
Surplus (Deficit), Beginning of Year	(5,737)	(5,737)	-
Surplus (Deficit), End of Year	\$ (5,737)	\$ 1,106	\$ 6,843

The accompanying notes are an integral part of these statements.

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund

Schedule 9

HUD Section 8
Housing Assistance Payments Program
Project LA-48-V217-001
Voucher Program
Annual Contributions Contract FW-2259V

Schedule of Revenues and Expenditures
Year Ended September 30, 1998

Operating Income	\$ <u> -</u>
Operating Expenses	
Preliminary Administrative Expense - Prior to Annual Contribution Contract	-
Preliminary Administrative Expense - After Annual Contribution Contract	-
Administrative Expense	5,372
Accountant Audit Cost	-
General Expense	-
Housing Assistance Payments	73,702
Total Operating Expenses	\$ <u><u>79,074</u></u>

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund**

Schedule 10

HUD Section 8
Housing Assistance Payments Program
Project LA-48-V217-001
Voucher Program
Annual Contributions Contract FW-2259V

**Analysis of Surplus
Year Ended September 30, 1998**

Unreserved Surplus

Balance, September 30, 1997	\$ (463,922)
Net Profit for FYE 9/30/98	(79,074)
Provision for Operating Reserve for FYE 9/30/98	(6,843)
Provision for Unfunded Project Account for FYE 9/30/98	6,920
Balance, September 30, 1998	<u>(542,919)</u>

Operating Reserve

Balance, September 30, 1997	(573)
Provision for Operating Reserve for FYE 9/30/98	6,843
Balance, September 30, 1998	<u>6,270</u>

Unfunded

Balance, September 30, 1997	(103,452)
Provision for Unfunded Project Account for FYE 9/30/98	(6,920)
Balance, September 30, 1998	<u>(110,372)</u>

Cumulative HUD Contributions

Balance, September 30, 1997	562,210
Annual Contributions for FYE 9/30/98	85,917
Balance, September 30, 1998	<u>648,127</u>

Total Surplus

\$ 1,106

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund**

Schedule 11

HUD Section 8
Housing Assistance Payments Program
Project LA-48-V217-001
Voucher Program
Annual Contributions Contract FW-2259V

**Computation of Annual Contributions Earned and Project Account, Operating Reserve Changes
Year Ended September 30, 1998**

Total Annual Contribution Available	
Maximum Contribution for Period	\$ 92,837
Project Account at Beginning of Period	68,974
Total Annual Contribution Available	<u>161,811</u>
 Annual Contribution Required	
Preliminary Administrative Expenses-After Annual Contribution Contract	-
Administrative Fee Earned	12,215
Family Self-Sufficiency Project Coordinator	-
Audit Fee	-
Housing Assistance Payments	73,702
Capital Expenditures Approved	-
Total Funds Required	<u>85,917</u>
Project Receipts Other Than Annual Contribution	-
Total Annual Contribution Required	<u>85,917</u>
 Project Account Change	 <u>75,894</u>
 Operating Receipts	
Operating Income	-
Annual Contribution Earned	85,917
Interest Earned	-
Total Operating Receipts	<u>85,917</u>
 Operating Expenditures	
Operating Expenses	79,074
Capital Expenditures	-
Total Operating Expenditures	<u>79,074</u>
Net Operating Receipts Available	6,843
Other Items	-
Increase (Decrease) in Provision for Operating Reserve	<u>\$ 6,843</u>

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Special Revenue Fund**

Schedule 12

HUD Section 8
Housing Assistance Payments Program
Project LA-48-V217-001
Voucher Program
Annual Contributions Contract FW-2259V

**Analysis of Special Revenue Fund Cash Balance
Year Ended September 30, 1998**

Net Operating Receipts Retained:	
Operating Reserve: Section 8 Voucher Program	\$ 1,107
Expenses/Cost Not Paid:	
Accounts Payable - HUD	15,123
Due to Section 8 Existing Housing Certificates	5,371
Other Items:	
Net Increase in Provisions for Operating Reserve Capital Expenditures	<u>(1,384)</u>
Special Revenue Fund Cash Available	<u>\$ 20,217</u>

The accompanying notes are an integral part of these statements.

**Housing Authority of Washington Parish, PHA
Franklinton, Louisiana
Supplemental Information Schedules
(GAAP Basis)
For the Year Ended September 30, 1998**

GENERAL

COMPENSATION OF BOARD MEMBERS

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

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana

Schedule 13

Supplemental Information Schedules
(GAAP Basis)
For the Year Ended September 30, 1998

Schedule of Board Members and Compensation Received

<u>Name, address and telephone number</u>	<u>Compensation</u>
Freddie Jefferson, President 3110 School Road Angie, LA 70426 (504)986-2460	None
Walter Crain, Vice-President Post Office Box 10 Franklinton, LA 70438 (504)839-4829	None
Henry Harrison 26212 Old Columbia Road Franklinton, LA 70438 (504)839-5767	None
Bernell Johnson 29622 Will Roberts Road Angie, LA 70426 (504)986-2932	None
Russell Knight Post Office Box 483 Franklinton, LA 70438 (504)839-3451	None

All of the commissioners served without compensation.

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

**Supplemental Information Schedules
For the Year Ended September 30, 1998**

GENERAL

**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, PHA
Franklinton, Louisiana**

**Schedule of Federal Awards
For the Year Ended September 30, 1998**

Federal Grantor Pass-Through Grantor Program Name	Federal CFDA Number	Program or Award Amount	Grant Number	Grant Period
United States Department of Housing and Urban Development				
Existing Housing Certificates	14.156	\$ 397,113	FW2138	10/01/97 - 09/30/98
Voucher Program	14.177	\$ 92,837	FW2259V	10/01/97 - 09/30/98
Total Federal Financial Assistance				

The accompanying notes are an integral part of these statements.

Schedule 14

Cash/ Accrued Revenue Beginning	Receipts/ Revenue Recognized	Disbursements/ Expenditures	Cash/ Accrued Revenue Ending
\$ -	\$ 322,027	\$ (322,027)	\$ -
-	85,917	(85,917)	-
\$ -	\$ 407,944	\$ (407,944)	\$ -

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

Schedule 15

**Summary Schedule of Prior Year Audit Findings
For the Year Ended September 30, 1998**

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 Findings for Section II.

Section III - Management Letter

No findings for Section III.

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana

Schedule 16

Corrective Action Plan for Current Year Audit Findings
For the Year Ended September 30, 1998

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

Reference Number: 98-C1

Description of Finding:

It was noted within Footnote 6 of the *Notes to the Financial Statements*, that the Housing Authority of Washington Parish has not inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue. It was also noted that management of the Housing Authority cannot assure that parties with which the Housing Authority does business will be year 2000 ready. The Housing Authority relies primarily on an outside service for processing of accounting data, and on the U.S. Department of Housing and Urban Development for processing of data required in the Section 8 Program.

Corrective Action Planned:

The Housing Authority of Washington Parish will maintain contact with the agency processing their accounting data, to insure that systems and programs are year 2000 compliant. In addition, the Housing Authority will conform to and monitor requirements and actions of the U.S. Department of Housing and Urban Development, related to the year 2000 issue.

Name of Contact Person:

Freddie Jefferson, President
3110 School Road
Angie, LA 70426

Anticipated Completion Date:

We will check with the above described agencies immediately and throughout the remainder of the year to determine year 2000 compliance for systems and programs that process financial and management data of the Housing Authority of Washington Parish.

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana

Schedule 16
(Continued)

Corrective Action Plan for Current Year Audit Findings
For the Year Ended September 30, 1998

Section II - Internal Control and Compliance Material to Federal Awards

Reference Number: 98-F1

Description of Finding:

As part of the review and testing of the Section 8 Rental Voucher Program (CFDA No. 14.855) and the Section 8 Rental Certificate Program (CFDA No. 14.857), in addition to other procedures applied to determine compliance to program requirements, a sample of 25 tenant files was selected for testing. The findings are disclosed in Reference Numbers 98-F1 below, and follow for Reference Numbers 98-F2 and 98-F3. The finding for Reference Number 98-F1 is as follows:

Of the 25 tenant files selected for testing, it was noted that rent was computed incorrectly for three tenants. The errors noted did not affect the total rental assistance paid; they resulted in a difference of \$40 per month additional in the amount the tenant paid for monthly rent. Although the total error (projected to the population in the following Schedule of Findings and Questioned Costs) was not considered material, the determination and calculation of correct rental payments is a requirement of the *Compliance Supplement* for Section 8 Programs. We recommend that management of the Housing Authority of Washington Parish immediately review all files for Section 8 participants to determine that rent is computed correctly.

Corrective Action Planned:

Management of the Housing Authority of Washington Parish is currently in the process of reviewing its entire file of Section 8 tenants to make any necessary corrections in rent computations.

Name of Contact Person:

Freddie Jefferson, President
3110 School Road
Angie, LA 70426

Anticipated Completion Date:

Files of Section 8 tenants are now being reviewed and any correction of rent computations will be made immediately.

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

**Schedule 16
(Continued)**

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended September 30, 1998**

Reference Number: 98-F2

Description of Finding:

As noted above, and as part of the review and testing of the Section 8 Rental Voucher Program (CFDA No. 14.855) and the Section 8 Rental Certificate Program (CFDA No. 14.857), a sample of 25 tenant files were selected for testing. The finding for Reference Number 98-F2 is as follows:

Of the 25 tenant files selected for testing, it was noted that documentation for verification of income level was not on file for two tenants. Upon review, it was noted that income levels had not changed, and that housing assistance payment amounts were correct. However, as with the previous finding, this is a requirement of the Compliance Supplement for the Section 8 program, and income must be re-verified every twelve months. We recommend that management of the Housing Authority of Washington Parish review its entire file of Section 8 tenants and make certain that the required income documentation is on file for each tenant.

Corrective Action Planned:

Management of the Housing Authority of Washington Parish is currently in the process of reviewing its entire file of Section 8 tenants to make certain that income has been verified every twelve months for each Section 8 participant.

Name of Contact Person:

Freddie Jefferson, President
3110 School Road
Angie, LA 70426

Anticipated Completion Date:

Files of Section 8 tenants are now being reviewed and any additional income documentation is being added to files, as required.

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana

Schedule 16
(Continued)

Corrective Action Plan for Current Year Audit Findings
For the Year Ended September 30, 1998

Reference Number: 98-F3

Description of Finding:

As noted above, and as part of the review and testing of the Section 8 Rental Voucher Program (CFDA No. 14.855) and the Section 8 Rental Certificate Program (CFDA No. 14.857), a sample of 25 tenant files was selected for testing. The finding for Reference Number 98-F3 is as follows:

Of the 25 tenant files selected for testing, it was noted that documentation for dependents was not on file for two tenants. Upon review, the documentation was obtained, and we noted that housing assistance payment amounts were correct. However, as with the previous finding, this is a requirement of the *Compliance Supplement for the Section 8 program, and management of the Housing Authority must re-examine family composition at least once every twelve months*. We recommend that management of the Housing Authority of Washington Parish review its entire file of Section 8 tenants and make certain that the required documentation for family composition is on file for each tenant.

Corrective Action Planned:

Management of the Housing Authority of Washington Parish is currently in the process of reviewing its entire file of Section 8 tenants to make certain that documentation on family composition has been verified every twelve months for each Section 8 participant.

Name of Contact Person:

Freddie Jefferson, President
3110 School Road
Angie, LA 70426

Anticipated Completion Date:

Files of Section 8 tenants are now being reviewed and any additional documentation on family composition is being added to files, as required.

Section III - Management Letter

No Section III Findings.

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana

Schedule 17

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 1998

I. Type of Report Issued on the Financial Statements.

A qualified opinion was issued on the financial statements for the Housing Authority of Washington Parish. The opinion was qualified because of "Year 2000" disclosures included as Footnote 6 of the audited financial statements, and as included in Reference No. 98-C1 of the *Corrective Action Plan for Current Year Audit Findings*.

II. Disclosure of Reportable Conditions in Internal Control.

Reportable conditions were disclosed as Reference No. 98-C1 of the *Corrective Action Plan for Current Year Audit Findings*, for the Housing Authority of Washington Parish, and involved "Year 2000" disclosures. None of the reportable conditions reported were material weaknesses, as required to be reported in accordance with *Government Auditing Standards*.

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.

Reportable Conditions in Major Programs were disclosed as Reference Numbers 98-F1, 98-F2, and 98-F3 of the *Corrective Action Plan for Current Year Audit Findings*. None of the conditions reported were considered material weaknesses.

V. Type of Report Issued for Major Programs.

A qualified report was issued for the major program, the Section 8 Rental Certificate Program (CFDA 14.857).

VI. Disclosure of Audit Findings Required to be Reported under S___ .510 Audit Findings.

Findings to be reported under S___ .510 Audit Findings, include Reference Numbers 98-F1, 98-F2, and 98-F3 as disclosed in the *Corrective Action Plan for Current Year Audit Findings*, and in this Schedule of Findings and Questioned Costs in Section XI below.

VII. Identification of Major Programs.

The Major Program for the Housing Authority of Washington Parish was the Section 8 Rental Certificate Program (CFDA 14.857).

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

Expenditures of \$300,000.

IX. Statement as to Whether the Auditee qualified as Low-Risk Auditee under S___ .530.

Yes. The Housing Authority of Washington Parish qualified as a low-risk auditee under the provisions of S___ .530.

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

**Schedule 17
(Continued)**

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 1998**

X. Findings - Financial Statement Audit.

Findings are reported in the Corrective Action Plan for Current Year Audit Findings as Reference 98-C1, and involve "Year 2000" disclosures and compliance.

XI. Findings and Questioned Costs for Federal Awards.

Findings involve review and testing of the Major Program, the Section 8 Rental Certificate Program (CFDA No. 14.857), and the Section 8 Voucher Program (CFDA No. 14.855) which has similar documentation and compliance requirements.

Questioned
Costs

Finding: Reference Number 98-F1

U.S. Department of Housing and Urban Development - Section 8 Rental Certificate Program (CFDA No. 14.857) as Major Program.

Grant Number FW2138-Year Ended September 30, 1998

Condition and Criteria: Of the 25 Section 8 files tested, rent was computed incorrectly for three participants. The errors noted did not affect the total rental assistance paid; they resulted in a difference of \$40 per month additional in the amount the tenant paid for monthly rent.

Effect: The errors in total rent computations are questioned costs.

Cause: This occurred because procedures were not double-checked to verify rent computations.

Population and Items Tested:

Description of Items	Number	Dollars
Population Size	148 tenant files	\$342,019 in housing assistance payments for the year.
Items Tested	25 tenant files	\$57,000 in housing assistance payments.
Items not in Compliance	3 tenant files	\$480 (\$40 per month for 12 months)

\$ 2,880

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana

Schedule 17
(Continued)

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 1998

Auditor's Recommendation: We recommend that management of the Housing Authority of Washington Parish immediately review all files for Section 8 participants to determine that rent is computed correctly.

Grantee Response: We will immediately comply to the auditor's recommendation, and review the accuracy of all rent computations. We request a waiver on any additional action that may be required, since the total of housing assistance payments was correct.

Questioned
Costs

Finding: Reference Number 98-F2

U.S. Department of Housing and Urban Development - Section 8 Rental Certificate Program (CFDA No. 14.857) as Major Program.

Grant Number FW2138-Year Ended September 30, 1998

Condition and Criteria: Of the 25 tenant files selected for testing, it was noted that documentation for verification of income level was not on file for two tenants. Upon review, it was noted that income levels had not changed, and that housing assistance payment amounts were correct. However, as with the previous finding, this is a requirement of the *Compliance Supplement* for the Section 8 program, and income must be re-verified every twelve months.

Effect: There is no dollar amount for findings, since the income levels had not changed and the amount of the assistance paid to tenants was correct.

Cause: Documentation for income verifications was not being placed in tenant files as required.

Auditor's Recommendation: We recommend that management of the Housing Authority of Washington Parish review its entire file of Section 8 tenants and make certain that the required income documentation is on file for each tenant.

Grantee Response: Management of the Housing Authority of Washington Parish is currently in the process of reviewing its entire file of Section 8 tenants to make certain that income has been verified every twelve months for each Section 8 participant.

Housing Authority of Washington Parish, PHA
Franklinton, Louisiana

Schedule 17
(Continued)

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 1998

Questioned
Costs

Finding: Reference Number 98-F3

U.S. Department of Housing and Urban Development - Section 8 Rental Certificate Program (CFDA No. 14.857) as Major Program.

Grant Number FW2138-Year Ended September 30, 1998

Condition and Criteria: Of the 25 tenant files selected for testing, it was noted that documentation for dependents was not on file for two tenants. Upon review, the documentation was obtained, and we noted that housing assistance payment amounts were correct. However, as with the previous finding, this is a requirement of the *Compliance Supplement* for the Section 8 program, and management of the Housing Authority must re-examine family composition at least once every twelve months.

Effect: There is no dollar amount for findings, since the number of dependents had not changed and the amount of the assistance paid to tenants was correct.

Cause: Documentation for family composition was not being placed in tenant files as required.

Auditor's Recommendation: We recommend that management of the Housing Authority of Washington Parish review its entire file of Section 8 tenants and make certain that the required documentation for family composition is on file for each tenant.

Grantee Response: Management of the Housing Authority of Washington Parish is currently in the process of reviewing its entire file of Section 8 tenants to make certain that documentation for family composition is on file for each tenant file and is verified every twelve months.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Warren A. Wool, CPA
Michael P. Estay, CPA
Dale H. Jones, CPA
Charles P. Hebert, CPA
James D. Rabalais, CPA

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (504) 542-6372
FAX: (504) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 602 Fifth St.
Kentwood, LA 70444
VOICE: (504) 229-5955
FAX: (504) 229-5951

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

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
Franklinton, Louisiana 70438

We have audited the component unit financial statements of the Housing Authority of Washington Parish, Louisiana, as of and for the year ended September 30, 1998, and have issued our report thereon dated January 7, 1999, which was qualified because insufficient audit evidence exists to support the Housing Authority of Washington Parish's disclosure with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards 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 Housing Authority of Washington Parish'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 98-C1.

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

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

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 7, 1999

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Warren A. Wool, CPA
Michael P. Estay, CPA
Dale H. Jones, CPA
Charles P. Hebert, CPA

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (504) 542-6372
FAX: (504) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 602 Fifth St.
Kentwood, LA 70444
VOICE: (504) 229-5955
FAX: (504) 229-5951

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

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

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

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, 1998. The Housing Authority of Washington Parish's major federal programs are identified in the accompanying schedule of federal awards. 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 generally accepted auditing standards; 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 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, 1998.

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 HARRELL & 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 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 Housing Authority of Washington Parish's 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* and in the *Corrective Action Plan for Current Year Audit Findings* as Reference Numbers 98-F1, 98-F2, and 98-F3.

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 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 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 Harrell & Company, CPAs
A Professional Accounting Corporation

January 7, 1999