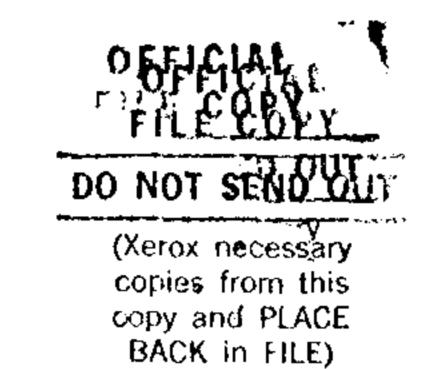


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HOUSING AUTHORITY OF THE CITY OF WINNSBORO, LOUISIANA

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED SEPTEMBER 30, 1998

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 evailable 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 FEB 0 3 1999

ESTES & ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS

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SUMMARY OF AUDITOR'S RESULTS AND SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results

1

- A. We issued an unqualified opinion on the Housing Authority of Winnsboro, Louisiana for the audit of its financial statements for the year ended September 30, 1998.
- B. No reportable conditions in internal control were disclosed by our audit of the financial statements.
- C. The audit did not disclose any noncompliance which is material to the financial statements.
- D. No reportable conditions in internal control were disclosed by our audit over major programs.

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- E. We issued an unqualified opinion on compliance for major programs.
- F. Our audit disclosed no audit findings that we are required to report under 510(a) of OMB Circular A-133. Our audit procedures also included those of HUD Notice PIH 96-53.
- G. Major programs are as follows, and see Schedule of Federal Expenditures for CFDA numbers and amounts:
 - 1. Low Income Housing
 - 2. CIAP
- H. The dollar threshold to distinguish Type A and Type B programs is \$ 300,000.
- I. The Housing Authority of Winnsboro, Louisiana qualified for the year ended September 30, 1998 as a low-risk auditee.

Schedule of Findings and Questioned Costs

J. There are no findings in these financial statements that are required to be reported in accordance with GAGAS.

K. There are no audit findings or questioned costs for Federal awards which shall include audit findings as described in 510(a) of OMB Circular A-133. Our audit procedures also included those of HUD Notice PIH 96-53.

ESTES & ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS 4200 AIRPORT FREEWAY – SUITE 100 FORT WORTH, TEXAS 76117

(817) 831-3553 METRO (817) 654-4063 FAX (817) 831-3560

MIKE ESTES, CPA/PPS, CFP

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MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners Housing Authority of the City of Winnsboro Winnsboro, Louisiana Regional Inspector General for Audit Office of Inspector General Department of Housing and Urban Development

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the Housing Authority of the City of Winnsboro, Louisiana at and for the year ended September 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of the City of Winnsboro, Louisiana' management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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, and provisions of the Louisiana Governmental Audit Guide. 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.

As described in Note A, the authority's policy is to prepare its financial statements on the basis of accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the general-purpose financial statements and the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Winnsboro, Louisiana as of September 30, 1998 and the results of its operations and changes in its surplus for the year then ended, on the basis of accounting described in Note A. In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 1999 on our consideration of Housing Authority of the City of Winnsboro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statement of the Housing Authority of the City of Winnsboro, taken as a whole. 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*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Estes and Associates

Fort Worth, Texas January 15, 1999

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			Total (Memorandum Only)	<pre>\$ 119,709.21 209,301.72</pre>	18,810.44 17,390.98 4,228,705.81	1,582,025.00	\$ 6,175,943.16
		nt Groups	General Long-Term Debt	¢		1,582,025.00	\$1,582,025.00
		Account	General Fixed Assets	€ 9	4,228,705.81		\$4,228,705.81
HEET NT GROUPS	Fiduciary	Fund Types	Trust and Agency	\$ 11,300.00			\$ 11,300.00
- SD	30, 1998		Capital Projects	¢			\$ 0.00
COMBINED BALANCE	MBEI	Fund Types	Debt Service				0.00
ь Г П	SE	Governmental	Special Revenue	€			0.00
F F			General	\$ 108,409.21 \$ 209,301.72	18,810.44 17,390.98		\$ 353,912.35 \$
				alents	quipment d for rotiroment		

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The Notes to Financial Statements are an integral part of these statements.

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Property, plant and equ Amount to be provided Cash and cash equivale of general long-term c Prepaid expenditures Total Assets ASSETS Other funds Investments Due from:

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HOUSING AUTHORITY OF THE CITY OF WINNSBORO COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS (Continued) SEPTEMBER 30, 1998	Fiduciary Governmental Fund Types Fund Types Account Groups	General Special Debt Capital Trust Fixed Long-Term (Memorandum General Revenue Service Projects and Agency Assets Debt Only)	ABILITIES AND FUND EQUITY	-S s payable \$ 2,120.38 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	obligation bonds payable ler liabilities 1,582,025.00 1,582,025.00 1,582,025.00	tal Liabilities 2,404.86 0.00 18,810.44 11,300.00 0.00 1,582,025.00 1,614,540.30	UTY In general fixed assets	ances: ed for capital projects ed for debt service 0.00	rved: 351,507.49 351,507.49 351,507.49	tal Fund Equity 351,507.49 0.00 (18,810.44) 0.00 4,228,705.81 0.00 4,561,402.86	tal Liabilities and Fund \$ 353,912.35 \$ 0.00 \$ 0.00 \$ 0.00 \$ 11,300.00 \$ 4,228,705.81 \$ 1,582,025.00 \$ 6,175,943.16	The Notes to Financial Statements are an integral part of these statements.	Ļ
· · ·			LIABILITIES AND	unts ued 1	General obligation and other liabilitie	Total Liabilities	FUND EQUITY Investment in general fix	s: r capital r debt s€	Unreserved: Undesignated	Total Fund Equity		he Notes	

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COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES YEAR ENDED SEPTEMBER 30, 1998

		Total					
	General		Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
REVENUES							
Rentals	\$ 308,919.86	\$		\$	\$	\$	308,919.86
Intergovernmental	219,219.00			155,747.00	261,883.14		636,849.14
Interest	9,301.72						9,301.72
Other	18,063.57	_	<u> </u>				18,063.57
Total Revenues	555,504.15		0.00	155,747.00	261,883.14		973,134.29

EXPENDITURES

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Administration	103,171.66								103,171.66
Utilities	173,241.79								173,241.79
Ordinary maintenance	103,779.38								103,779.38
Tenant services	16,867.29								16,867.29
General expenditures	68,700.07								68,700.07
Capital expenditures							280,693.58		280,693.58
Debt service:									
Principal retirement					67,457.00				67,457.00
Interest		-		_	88,290.00				88,290.00
Total expenditures	465,760.19		0.00		155,747.00		280,693.58		902,200.77
Excess (deficiency) of revenues				•		•		·	
over (under) expenditures	89,743.96		0.00		0.00		(18,810.44)		70,933.52
OTHER FINANCING SOURCES(USES))								
Operating transfers in	, ,								0.00
Operating transfers out									0.00
				-		-		•	
Total other financing sources(uses)	0.00		0.00	-	0.00		0.00		0.00
FUND BALANCE, beginning of year	261,763.53								261,763.53
· •···································			<u></u>	-	,,,,,,, _	-			
FUND BALANCE, end of year \$	351,507.49	\$	0.00	\$	0.00	\$	(18,810.44)	\$	332,697.05

The Notes to Financial Statements are an integral part of these statements.

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COMBINED STATE		⊢ щ t		Z	FUND BALAN	ANCES		•
	ID AND SI		VENUE 30, 1995	FUNDS				
			General Fund		Sp	Special Revenue	ue Funds	v
		Budget	Actual	Over (Under) Budget	Budget	Actual		Over (Under) Budget
	δ ∨	\$284,400.00 219,219.00 2,520.00 5,400.00	\$ 308919.86 219,219.00 9,301.72 18,063.57	\$ 24,519.86 0.00 6,781.72 12,663.57	€	69	⇔	0.00000000
ŝ	' LO '	511,539.00	555,504.15	43,965.15	0.00	0.00		0.00
ance tures		102,790.00 177,900.00 118,384.00 26,400.00 73.828.00	103,171.66 173,241.79 103,779.38 16,867.29 68 700.07	381.66 (4,658.21) (14,604.62) (9,532.71) (5,127,93)				0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
ures		499,302.00	465,760.19	33,541.81	0.00	0.0		
r) of revenues enditures ome to it		12,237.00	89,743.96	\$ 77,506.96	0.00 \$	0.00		0.00
i, beginning of year			261,763.53					
s, end of year		07	\$ 351,507.49			\$	_	

-7-

to Financial Statements are an integral part of these statements.

	REVENUES Rentals Intergovernmental Interest Other income	Total Revenues EXPENDITURES Administration Utilities Utilities Ordinary maintena Drant services General expenditu	Excess (deficiency) over (under) exper over (under) exper Transfer of net incol unreserved deficit FUND BALANCES, FUND BALANCES,	The Notes
--	----------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------	-----------

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		Funds	Over (Under) Budget	000		00.00		(18,810.44)	0.00	(18,810.44)	\$ (18,810.44)				
	ANCES	Capital Projects I	Actual	₩	261883.14	261,883.14		280,693.58		280,693.58	(18,810.44)			\$(18,810.44)	
	BAL	Ca	Budget	 	261,883.14	261,883.14		261,883.14		261,883.14	\$ 0.00				
ORO	GES IN FUND DS	p	Over (Under) Budget		0.00	0.00		00.0	0.00	0.00	00.0				
OF WINNSBORO	ES AND CHANGES D ACTUAL OJECTS FUNDS 3 30, 1998	Debt Service Fund	Actual	69 	155,747.00	155,747.00			67,457.00 88,290.00	155,747.00	\$ 00.0			00.0 0	
THE CITY	IDITURE SIS) AN ITAL PR TEMBEF	Õ	Budget		155,747.00	155,747.00			67,457.00 88,290.00	155,747.00	\$ 0.00				
HOUSING AUTHORITY OF	Combined Statement of Revenues, Expension Budget (Gaap Ba Debt Service and Cap Year ended Sep			Rentals	/ernmental	Total Revenues	EXPENDITURES	Capital expenditures Debt Service:	Principal retirement Interest	Total Expenditures	Excess (deficiency) of revenues over (under) expenditures	Transfer of net income to unreserved deficit	FUND BALANCES, beginning of year	FUND BALANCES, end of year	

ents.

The Notes to Financial Statements are an integral part of these statem

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Capital expenditul Debt Service: Transfer of net inc unreserved defici **Total Revenue** Principal retiren Total Expendit Excess (deficiency over (under) exp FUND BALANCES FUND BALANCES EXPENDITURES Interest

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NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Winnsboro, Louisiana (the Authority), a public corporate body, was organized for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by providing decent housing, a suitable living environment, and economic opportunities principally for persons of low and moderate income.

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the City of Winnsboro, Louisiana. Each member serves a five-year term on a rotating basis. Substantially all of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities, housing assistance payments for eligible individuals, and receipt of annual debt service requirements for HUD-related long-term debt.

(1) Financial Reporting Entity

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Generally accepted accounting principles require that the financial statements present the accounts and operations of the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and data from these units, if any, are combined with data of the Authority. Each discretely presented component unit, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the Authority. As of September 30, 1998, and for the fiscal year then ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

(2) <u>Fund Accounting</u>

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped by type and broad categories in the financial statements as follows:

The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) SEPTEMBER 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) <u>Fund Accounting</u> (continued)

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GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the Authority are financed. The measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The following are the Authority's governmental fund types:

<u>General Fund</u> - The General Fund is the general operating fund of the Authority. The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Authority which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

<u>Special Revenue Funds</u> - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

<u>Debt Service Fund</u> - The Debt Service Fund is used to account for the accumulation of resources for the payment of interest, principal, and related costs of general long-term debt.

<u>Capital Projects Funds</u> - Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or rehabilitation of major capital facilities.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Authority as an agent for individuals, private organizations, other governmental units, and/or other funds. The following is the Authority's fiduciary fund type:

<u>Agency Funds</u> - Agency Funds include Tenant Security Deposit Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations.

The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) SEPTEMBER 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNT GROUPS

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Account groups are used to establish accounting control and accountability for the Authority's general fixed assets and general long-term debt for governmental fund types. These are not "funds." They are concerned only with the measurement of financial position and not with results of operations. The following are the Authority's account groups:

<u>General Fixed Assets Account Group</u> - This account group is established to account for all fixed assets of the Authority.

<u>General Long-Term Debt Account Group</u> - This account group is established to account for all long-term debt of the Authority.

(4) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered "measurable" when received in cash, except for certain revenues which are accrued when they are both measurable and available or have not been received at the normal time of receipt. Certain grant revenues are accrued when funds are expended. Revenues susceptible to accrual are federal grants, interest on investments, and other miscellaneous revenues which are both measurable and available to finance expenditures of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Agency Funds are custodial in nature and do not measure results of operations. They are clearing accounts whose assets at all times are equally offset by related liabilities.

(5) <u>Budgetary Data</u>

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program, included in the General Fund, and all Assisted Housing (Section 8) Programs, included in Special Revenue Funds. Annual budgets are not required for Capital Projects Funds as their budgets are approved for the length of the project. Both annual and project length budgets require grantor



The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) SEPTEMBER 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures, such as reinstatement of prior-year encumbrances. The Board and HUD must approve fund appropriation increases. Any unused appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

The original budget has been amended throughout the year to reflect changes in revenue and expenditure estimates.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables. The difference is not considered materially different from generally accepted accounting principles.

(6) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(7) <u>Tenant Receivables</u>

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Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts amounting to \$ -0- at September 30, 1998.

(8) Interfund Transactions

During the course of normal operations, the Authority has numerous transactions between funds to provide services, construct assets, and service debt. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

(9) <u>General Fixed Assets</u>

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation is not recorded on general fixed assets. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings, including roads, curbs and

gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets.

The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) SEPTEMBER 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs of completed Modernization projects are reported as construction-in-progress until audited cost certification reports are submitted to HUD, at which time such costs are transferred to the appropriate property categories.

(10) <u>General Long-Term Debt</u>

All long-term indebtedness of the Authority is accounted for in the General Long-Term Debt Account Group and is intended to be paid through the Debt Service Fund.

(11) <u>Compensated Absences</u>

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service. The cost of this has not been accrued due to immateriality.

(12) Total Columns on Combined Statements

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, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

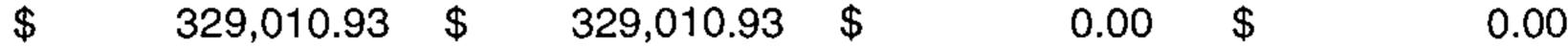
NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 1998. The categories are described as follows:

- Category 1 Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 Uncollateralized.

Cash Deposits, categorized by level of risk, are:

		Category	
Total			
Bank Balances	1	2	3



The Notes to Financial Statements are an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS (Continued) SEPTEMBER 30, 1998

NOTE C - ACTIVITIES OF THE PHA

At September 30, 1998, the PHA was managing 150 units of low-rent in one project under Program FW --- 1349.

NOTE D - CONTINGENCIES

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The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Changes in the general fixed assets account group are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 403,241.45	\$ 	\$	\$ 403,241.45
Buildings	3,735,504.54			3,735,504.54
Equipment	89,959.82			89,959.82
Total	\$ 4,228,705.81	\$ 0.00	\$ 0.00	\$ 4,228,705.81

The Notes to Financial Statements are an integral part of these statements.

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HOUSING AUTHORITY OF THE CITY OF WINNSBORO

NOTES TO FINANCIAL STATEMENTS (Continued) **SEPTEMBER 30, 1998**

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

_ *	Interest Rate	Principal Balance
Bond payable, due in semi-annual installments each February 1 st and August 1 st .	5.75 %	\$ 1,582,025.00

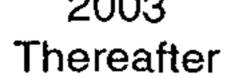
The bonds mature in series annually in varying amounts with the final maturity date in 2011. All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

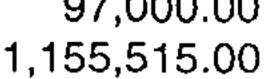
Long-term debt is secured by the land and buildings of the entity.

Changes in long-term debt is as follows:

	Bonds
Balance, beginning of period Principal retirement	\$ 1,649,482.00 67,457.00
Balance, end of period	\$ 1,582,025.00
Schedule retirements of long-term debt are estimated as follows:	
1999	\$ 74 145 00

1999	\$ 74,145.00
2000	79,745.00
2001	84,975.00
2002	90,645.00
2002	07 000 00





The Notes to Financial Statements are an integral part of these statements.



NOTES TO FINANCIAL STATEMENTS (Continued) SEPTEMBER 30, 1998

NOTE G - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

Long Term Debt

It is not possible to estimate the fair value of long term debt owed to the federal government by this governmental entity, a housing authority. The housing authority is unable, by law, to secure long term financing from any other source. FASB 107 describes fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

NOTE H - ACCOUNTING FOR THE IMPAIRMENT OF LONG - LIVED ASSETS

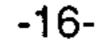
The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

NOTE I - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE J - YEAR 2000 COMPUTER CONVERSION

The PHA utilizes a fee accountant. The fee accountant has assessed the Year 2000 computer conversion issues. The fee accountant has recently reviewed its computer hardware and purchased new software in anticipation of Year 2000.



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CAPITAL PROJECT FUND TYPES COMBINING BALANCE SHEET SEPTEMBER 30, 1998

	CIAP Housi	ng Programs
	CIAP 1997	Total
ASSETS		
Total Assets	\$\$	0.00
LIABILITIES AND FUND EQUITY		
Due to: Other funds	18,810.44	18,810.44
Total liabilities	18,810.44	18,810.44
FUND EQUITY Reserved for capital projects	18,810.44	18,810.44

Total fund equity	(18,810.44)	(18,810.44)
Total liabilities and fund equity	\$ 0.00	\$_	0.00

The Notes to Financial Statements are an integral part of these statements.

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CAPITAL PROJECT FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES SEPTEMBER 30, 1998

CIAP Housing Programs

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	CIAP 1997	Total
REVENUES Intergovernmental	\$ 261,883.14	\$ <u>261,883.14</u>
Total Revenues	261,883.14	261,883.14
EXPENDITURES Capital expenditures	280,693.58	280,693.58
Total Expenditures	280,693.58	280,693.58
Excess (deficiency) of revenues		

over (under) expenditures	(18,810.44)	(18,810.44)
	· · ·	••••••••••••••••••••••••••••••••••••••
FUND BALANCE, end of year	\$ (18,810.44)	\$ (18,810.44)

The Notes to Financial Statements are an integral part of these statements.

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HOUSING AUTHORITY OF THE CITY OF WINNSBORO

FIDUCIARY FUNDS COMBINING BALANCE SHEET SEPTEMBER 30, 1998

	Agency Funds	
	Tenant Security Deposit Funds	Total Fiduciary Funds
ASSETS		
Cash and cash equivalents	\$ 11,300.00	\$ 11,300.00
Total Assets	\$ 11,300.00	\$ 11,300.00

LIABILITIES

Due to tenants

Total Liabilities

\$ 11,300.00	\$ 11,300.00
\$ 11,300.00	\$ 11,300.00

The Notes to Financial Statements are an integral part of these statements.

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FIDUCIARY FUNDS SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS SEPTEMBER 30, 1998

	Agency Funds			
		Tenant Security Deposit Funds	-	Total Fiduciary Funds
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$	10,750.00	\$	10,750.00
ADDITIONS <u>Payments from tenants</u>		550.00		550.00 0.00 0.00

			0.00 0.00
Total Additions	-	550.00	550.00
REDUCTIONS			
<u> </u>			0.00
			0.00
			0.00
			0.00
<u> </u>	_		0.00
Total Reductions	-	0.00	 0.00
DEPOSIT BALANCES AT END OF YEAR	\$	11,300.00	\$ 11,300.00

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The Notes to Financial Statements are an integral part of these statements.



EXHIBIT A

HOUSING AUTHORITY OF THE CITY OF WINNSBORO

BALANCE SHEET – STATUTORY BASIS SEPTEMBER 30, 1998

ANNUAL CONTRIBUTION CONTRACT $\underline{FW} = 1349$

ASSETS

Cash - Exhibit F	\$	119,709.21
Investments		209,301.72
Deferred charges		17,390.98
Land, structures and equipment	-	4,509,399.39
Total Assets	\$	4,855,801.30

LIABILITIES AND SURPLUS

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Tenant security deposits	\$	11,300.00
Accounts payable		2,120.38
Deferred credits		284.48
Fixed liabilities - Note F	_	1,582,025.00
Total Liabilities	-	1,595,729.86
Surplus - Exhibit C	-	3,260,071.44
Total Liabilities and Surplus	\$	4,855,801.30



EXHIBIT B

HOUSING AUTHORITY OF THE CITY OF WINNSBORO

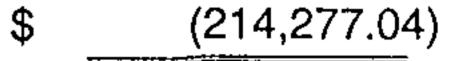
STATEMENT OF INCOME AND EXPENSES - STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT <u>FW - 1349</u>

	Year Ended
	09-30-98
Operating Income	
Nondwelling rental	238,061.52
Excess utilities	70,858.34
Interest on general fund investments	9,301.72
Other income	18,063.57
Total Operating Income -	
Exhibit D	336,285.15
Operating Expenses	

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Administration	103,171.66
Tenant Expense	16,867.29
Utilities	173,241.79
Ordinary maintenance and operation	103,779.38
General expense	68,700.07
Total Operating Expense -	
Exhibit D	465,760.19
Net Operating Income (Loss)	(129,475.04)
Other Credits	
Prior year adjustments - not affecting	
residual receipts	22,228.29
Total Other Credits	22,228.29
Other Charges	
Interest on notes and bonds payable Brier year adjustments - affecting	84,802.00
Prior year adjustments - affecting residual receipts	22,228.29
Total Other Charges	107,030.29



Net Loss - Exhibit C

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EXHIBIT C

HOUSING AUTHORITY OF THE CITY OF WINNSBORO

ANALYSIS OF SURPLUS - STATUTORY BASIS TWELVE MONTHS ENDED SEPTEMBER 30, 1998

ANNUAL CONTRIBUTION CONTRACT FW <u>- 1349</u>

<u>Unreserved Surplus</u> Balance per prior audit at 09-30-97	\$ (4,265,915.00)
Prior year adjustments	3,395.02
Net loss for the year ended 09-30-98 - Exhibit B	(214,277.04)
(Provision for) reduction of Operating Reserve for year ended 09-30-98 - Exhibit D	(67,515.67)
Balance at 09-30-98	 (4,544,312.69)

Reserved Surplus - Operating Reserve

Balance per prior audit at 09-30-97

Provision for (reduction of) Operating Reserve for the year ended 09-30-98 - Exhibit D

Balance at 09-30-98 - Exhibit F

283,991.82
67,515.67
\$ 351,507.49



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EXHIBIT C

HOUSING AUTHORITY OF THE CITY OF WINNSBORO		
ANALYSIS OF SURPLUS – STATUTORY BASIS TWELVE MONTHS ENDED SEPTEMBER 30, 1998		
ANNUAL CONTRIBUTION CO <u>FW – 1349</u>	NTRACT	
<u>Cumulative HUD Contributions</u> Balance per prior audit at 09-30-97	\$	5,393,647.00
Prior year adjustment		1.50
Annual contribution for year ended 09-30-98 - Exhibit D		155,747.00
Operating subsidy for year ended 09-30-98		219,219.00
Balance at 09-30-98		5,768,614.50

Cumulative HUD Grants

Balance per prior audit at 09-30-97

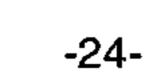
Advances for year ended 09-30-98

Balance at 09-30-98

Total Surplus - Exhibit A

1,422,379.00
261,883.14
1,684,262.14
3,260,071.44

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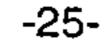
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COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT <u>FW – 1349</u>

	Year Ended
	09-30-98
<u>Computation of Residual Receipts</u> <u>Operating Receipts</u> Operating Income - Exhibit B HUD operating subsidy	\$ 336,285.15 219,219.00
Total Operating Receipts	 555,504.15
<u>Operating Expenditures</u> Operating expenses - Exhibit B	465,760.19

Total Operating Expenditures	465,760.	19
<u>Other Charges</u> Prior year adjustments affecting residual receipts - Exhibit B	22,228.	29
Total Other Charges	22,228.	29
Residual receipts (deficit) per audit before provision for reserve	67,515.	67
Audit adjustments (backed out)		
Residual receipts per PHA before provision for reserve	67,515.	67
(Provision for) or reduction of operating reserve - Exhibit C	(67,515.	67)
Residual receipts per PHA	\$0.	00



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HOUSING AUTHORITY OF THE CITY OF WINNSBORO

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COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT

Year Ended

09-30-98

Computation of Accruing Annual Contributions

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Fixed annual contribution

Total Annual Contribution -Exhibit C \$ 155,747.00

\$ 155,747.00

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EXHIBIT E

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HOUSING AUTHORITY OF THE CITY OF WINNSBORO

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STATEMENT OF MODERNIZATION COSTS --- UNCOMPLETED SEPTEMBER 30, 1998

	Project 1997
Funds Approved	\$ 350,000.00
Funds Expended	280,693.58
Excess of Funds Approved	\$ 69,306.42
Funds Advanced	\$ 261,883.14

Funds Expended	 280,693.58
Excess of Funds Advanced	\$ (18,810.44)





ANALYSIS OF GENERAL FUND CASH BALANCE

ANNUAL CONTRIBUTION CONTRACT <u>FW – 1349</u>

<u>Composition Before Adjustments</u> Net operating receipts retained: Operating reserves - Exhibit C Excess of funds expended - Exhibit E

Adjustments Expenses/costs not paid: Accounts payable Deferred credits \$ 351,507.49 (18,810.44) 332,697.05

> 13,420.38 284.48

General Fund Cash: Applied to deferred charges (prepaid insurance, inventories, etc.) Investments

General Fund Cash - Exhibit A

(17,390.98) (209,301.72)

\$ 119,709.21



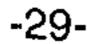
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 1998

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	GRANT ID NO.		AWARD AMOUNT		PROGRAM EXPENDITURES	
U.S. Department of Hous	sing and l	Jrban Develo	pment	<u></u>			
Direct Programs:	-		-				
Low-Income Housing							
Annual Contribution	1 4.850	FW- 1349	\$	155,747.00	\$	155,747.00	1/
Operating Subsidy	14.850	FW- 1349		219,219.00		219,219.00	
Major Program T	otal 1/		_	374,966.00		374,966.00	
Comprehensive Improvement Assistance Program							
Project 1997	14.852	FW- 1349	\$	261,883.14	\$	280,693.58	
Major Program To	otal			261,883.14		280,693.58	
Total HUD			¢	636 8/0 1/	¢	655 650 58	

Total HUD	\$	636,849.14	φ	655,659.58
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1/ The Department of Housing and Urban Development has guarantees through the Annual Contribution Contract of the Housing Authority of Winnsboro's bonded indebtedness. This bonded indebtedness was \$1,582,025.00 at September 30, 1998.



ESTES & ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS 4200 AIRPORT FREEWAY – SUITE 100 FORT WORTH, TEXAS 76117

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MIKE ESTES, CPA/PPS, CFP

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

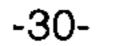
Housing Authority of the City of Winnsboro Winnsboro, Louisiana

<u>Compliance</u>

We have audited the compliance of the Housing Authority of the City of Winnsboro, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and HUD Notice PIH 96-53 that are applicable to each of its major federal programs for the year ended September 30, 1998. The Housing Authority of the City of Winnsboro, Louisiana'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 the City of Winnsboro, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of the City of Winnsboro, Louisiana'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* and HUD Notice PIH 96-53. 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 the City of Winnsboro, Louisiana'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 the City of Winnsboro, Louisiana's compliance with those requirements.



In our opinion, the Housing Authority of the City of Winnsboro, Louisiana 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

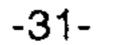
The management of The Housing Authority of the City of Winnsboro, Louisiana is responsible for establishing and maintaining internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Esles and Associales

Fort Worth, Texas January 15, 1999



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PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Housing Authority of the City of Winnsboro Winnsboro, Louisiana

MIKE ESTES, CPA/PFS, CFP

We have audited the financial statements of the Housing Authority of the City of Winnsboro, Louisiana as of and for the year ended September 30, 1998, and have issued our report thereon dated January 15, 1999. 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, and provisions of the Louisiana Governmental Audit Guide.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Winnsboro, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course

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of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Esles and Associates

Fort Worth, Texas January 15, 1999

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HOUSING AUTHORITY OF THE CITY OF WINNSBORO SCHEDULE OF FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 1998

Prior Audit Findings and Questioned Cost

There were no prior audit findings.

Current Audit Findings

Questioned Cost

None.



SCHEDULE OF ADJUSTING JOURNAL ENTRIES

SEPTEMBER 30, 1998

		ACCT. # FOR AUDIT REPORT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
<1>	Investments Cash Interest income	1162 1111.04 3610	209,301.72	200,000.00 9,301.72	1162 1111.04 6010
	To record interest earr	ned for year ended Sept	ember 30, 1998		
<2>	Pilot Prepaid pilot Other income	4520 1290 3690	2,090.22	1,971.00 119.22	6010 1290 6010

To adjust prepaid pilot

44

<3>	CIAP	1460	1,365.70		1460
	CIAP	1408	7,549.96		1408
	CIAP	1430		8,915.66	1430
	To reclassify CIAP costs				
<4>	Accounts receivable- HUD	1125	219,219.00		1125
	Cumulative HUD contracts	2840		219,219.00	2810
	To reclassify HUD subsidy				
<5>	Bonds payable	2341	70,945.00		2341
	Interest expense	5610	84,802.00		6010
	Annual contributions	2840		155,747.00	2810

To record and apply the accruing annual contribution



SCHEDULE OF ADJUSTING JOURNAL ENTRIES

SEPTEMBER 30, 1998

		ACCT. # FOR AUDIT REPORT			ACCT. # FOR POSTING TO
		PURPOSES	DR	<u>CR</u>	PHA BOOKS
<6>	Payroll taxes Payroll tax payable	4540 2117	11,961.02	11,961.02	6010 2117

To adjust September 30, 1998 prepaid payroll taxes to \$3,577.98

<7>	Accounts payable	2111		3,200.07	2111
	Contract costs	4430	3,200.07		6010

To adjust September 30, 1998 accounts payable

<8>	Prior year adjustments - affecting residual receipts	6010	22,228.29		6010
	Prior year adjustments - not affecting residual receipts	6020		22,228.29	6020
	To adjust for \$22,252.00 im 30, 1991, and current ye	—	-		
<9>	Income	3000 &			3000 &
		6010	358,513.44		6010
	Expenses	4000 &			4000 &
		6010		487,988.48	6010
	Interest expense	5610		84,802.00	6010
	Unreserved surplus	2810	214,277.04		2810

To close net loss to unreserved surplus



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SCHEDULE OF ADJUSTING JOURNAL ENTRIES

SEPTEMBER 30, 1998

		ACCT. # FOR AUDIT REPORT			ACCT. # FOR POSTING TO
		PURPOSES	DR	CR	PHA BOOKS
<10>	Unreserved surplus	2810	67,515.67		2810
	Operating reserve	2820		67,515.67	2820

To record provision for operating reserve

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