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

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

Release Date JUL 19 2000

FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 1999

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of **the Housing Authority of the Town of White Castle (HATWC)**, as of and for the year ended September 30, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of HATWC's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of HATWC, as of September 30, 1999, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2000 on our consideration of the HATWC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 7, 2000

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
BALANCE SHEET--ENTERPRISE FUND
SEPTEMBER 30, 1999

ASSETS

Cash and temporary cash investments (NOTE 2)	\$ 89,722
Amounts receivable, net of allowance for uncollectibles of \$1,995	3,436
Prepaid assets	10,335
Land, structures and equipment, net (NOTE 3)	<u>2,452,231</u>
Total assets	<u>\$2,555,724</u>

LIABILITIES AND EQUITY

Liabilities:

Amounts and other payable (NOTE 6)	\$ 26,207
Amounts payable - HUD	4,541
Compensated absences payable	6,455
Security deposits held for tenants	11,520
Accrued pilot payable	<u>19,096</u>
Total liabilities	<u>67,819</u>

EQUITY

Contributed equity (NOTE 4)	4,113,134
Retained deficit:	
Unreserved retained deficit	<u>(1,625,229)</u>
Total equity	<u>2,487,905</u>
Total liabilities and equity	<u>\$ 2,555,724</u>

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

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED DEFICIT--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999

<i>Operating Revenues:</i>	
Dwelling rental	\$ 199,674
Other income	<u>10,433</u>
Total operating revenues	<u>210,107</u>
<i>Operating Expenses:</i>	
Salaries and employee benefits	128,695
Repairs and maintenance	22,203
Contractual services	33,766
Depreciation	115,453
Utilities	7,696
Payment in lieu of taxes	19,198
Insurance	26,861
Other	<u>12,008</u>
Total operating expenses	<u>365,880</u>
Operating loss	<u>(155,773)</u>
<i>Non-operating Revenues (Expenses) :</i>	
Loss on disposition of equipment	(5,969)
Interest income	3,732
Grants and subsidies	<u>3,742</u>
Total non-operating revenues	<u>1,505</u>
Net loss	<u>(154,268)</u>
Retained earnings, beginning of year	-0-
Adjustment, net to beginning retained earnings (NOTE 11)	<u>(1,470,961)</u>
Beginning retained earnings, as restated	<u>(1,470,961)</u>
Retained deficit, end of year	<u>\$(1,625,229)</u>

The accompanying notes are an part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 1999

Cash Flows from Operating Activities:

Net loss \$(154,268)

Adjustments to reconcile net loss to net cash provided
by (used) in operating activities:

Depreciation	115,453
Bad debt	2,951
Loss on disposition of equipment	5,969
Increase in amounts receivable	(1,891)
Decrease in prepaid assets	1,302
Decrease in amounts and other payable	(21,813)
Increase in compensated absences payable	6,455
Decrease in security deposits held for tenants	(180)
Decrease in accrued pilot payable	<u>(838)</u>

Net cash used in operating activities \$(46,860)

Cash Flows from Investing Activities:

Proceeds from disposition of assets	6,044
Acquisition of equipment	<u>(2,216)</u>

Net cash provided by investing activities 3,828

Net decrease in cash and temporary cash
investments (43,032)

Cash and temporary cash investments, beginning of year 132,754

Cash and temporary cash investments, end of year \$ 89,722

Interest paid during 1999 \$ -0-

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

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

NOTE 1 - Background and General Data:

Background

The **Housing Authority of the Town of White Castle (HATWC)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HATWC** has been contracted by HUD to administer the low-income housing program (FW-1319) under an Annual Contributions Contract.

As of September 30, 1999, **HATWC** was primarily engaged in the administration of a low income housing program to low income residents in White Castle.

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

Financial Reporting Entity

HATWC has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the Town of White Castle.

Government Accounting Standards Board (GASB) Statement No. 14, "the Financial Reporting Entity established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

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

NOTE 1 - Background and General Data, Continued

HATWC was established as a separate legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HATWC** is a financial reporting entity within the meaning of the provisions of GASB 14.

Basis of Presentation

As required by Louisiana State Reporting Law (LAS-R.5 24:514) and HUD regulations, the financial statements are presented in accordance with generally accepted accounting principles (GAAP).

The accounts of **HATWC** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with generally accepted accounting principles applied to governmental units.

Proprietary Fund - Proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HATWC** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HATWC's** fund includes the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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

NOTE 1 - Background and General Data, Continued

Budgets

HATWC prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year October 1, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HATWC does not present its budget to actual comparison for the enterprise fund as part of its financial statement as GAAP does not require such, despite adoption of an annual budget by its Board of Commissioners.

Statement of Cash Flows

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

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life, are not capitalized in the proprietary fund.

Structures and equipment are depreciated in the proprietary fund of HATWC using the following estimated useful life.

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building improvements	15
Equipment	5-7

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

NOTE 1 - Background and General Data, Continued

Compensated Absences

HATWC follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the proprietary fund when leave is earned.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by generally accepted accounting principles.

NOTE 2 - Cash and Temporary Cash Investments:

At September 30, 1999, HATWC's cash balances and securities consisting of certificate of deposits are as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Market Value</u>
Cash	\$36,330	\$36,330
Certificate of Deposits	<u>53,392</u>	<u>53,392</u>
Total cash and temporary cash investments	<u>\$89,722</u>	<u>\$89,722</u>

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

NOTE 2 - Cash and Temporary Cash Investments, Continued:

These deposits and financial instruments are stated at cost, which approximates market.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **HATWC**.

At September 30, 1999, the carrying amount of **HATWC**'s deposits was \$36,330 and the cumulative bank balance was \$61,491. The bank balances are covered by federal depository insurance.

The securities held at September 30, 1999 are either covered by FDIC or collateral held by a third party in the name of **HATWC**.

Cash and the temporary cash investments are categorized as Category 1.

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

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

NOTE 3 - Land, Structures and Equipment:

As of September 30, 1999, land, structures and equipment consisted of the following:

	<u>Balance</u> October 1, 1998	<u>Additions</u>	<u>Retirement</u>	<u>Net</u> <u>Adjustments</u>	<u>Balance</u> September 30, 1999
Land and land improvements	\$ 781,948	\$ -0-	\$-0-	\$100,310	\$ 882,258
Buildings and improvements	3,170,444	-0-	-0-	-0-	3,170,444
Equipment	<u>61,226</u>	<u>1,420</u>	<u>-0-</u>	<u>-0-</u>	<u>62,646</u>
	<u>\$4,013,618</u>	<u>\$1,420</u>	<u>\$-0-</u>	<u>\$100,310</u>	4,115,348
Less accumulated depreciation					<u>(1,663,117)</u>
Total					<u>\$ 2,452,231</u>

The amount reflected as net adjustments represent adjustments to properly state land, structures and equipment at September 30, 1999.

NOTE 4 - Contributed Capital:

At September 30, 1999, contributed capital consisted primarily of reclassification of HUD guaranteed debt previously recorded on the books of HATWC, payable by HUD and secured by annual contributions. The debt does not constitute an obligation of the HATWC and accordingly has not been reported in the accompanying financial statements. Contributed capital also includes the net of cumulative expenses, grants and subsidies of the HATWC.

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

NOTE 4 - Contributed Capital, Continued:

Analysis of contributed capital follows:

<u>Balance</u> <u>October 1, 1998</u>	<u>Net Additions</u>	<u>Balance</u> <u>September 30, 1999</u>
<u>\$-0-</u>	<u>\$4,113,134</u>	<u>\$4,113,134</u>

NOTE 5 - Retirement System:

Plan Description

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

Plan Funding

Funding for the system comes from two sources: employees contributes 4% and the **HATWC** contributes 6% of the employees base salary each month.

The employers contribution vest at a rate of 20% annually for each year of participation with 100% vestage after 5 years of participation.

HATWC's gross payroll for the year ended September 30, 1999 was \$97,804. **HATWC's** contribution made using the base salary of \$79,476 amounted to \$4,614 with employee contribution of \$3,179.

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

NOTE 6 - Amounts and Other Payable:

At September 30, 1999 amounts and other payable consisted of the following:

Vendor payables	\$ 1,760
Payroll taxes withheld and accrued	2,502
Claims settlement payable	<u>21,945</u>
	<u>\$26,207</u>

NOTE 7 - Risk Management:

HATWC is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HATWC** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 8 - Concentration of Credit Risk:

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

NOTE 9- Contingencies:

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

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

NOTE 10 - Per Diem:

Per diem payments to commissioners during the year ending September 30, 1999 totalled \$2,525.

NOTE 11 - Adjustments to Retained Earnings:

Adjustments to beginning retained earnings are primarily due to the recordation of accumulated depreciation of \$1,547,664, claims settlement of \$22,500, net of cumulative earnings of \$111,358 and others totalling \$12,155.

NOTE 12 - Commitments:

Subsequent to year end, HATWC has been awarded a grant totaling \$249,000 by HUD.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

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

Our report on our audit of the general purpose financial statements of the **Housing Authority of the Town of White Castle (HATWC)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the auditing financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The supplementary information (Schedules II and III) which are prepared in accordance with generally accepted accounting principles, and is not a required part of the general purpose financial statements has been subjected to 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.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 7, 2000

SCHEDULE I

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
 WHITE CASTLE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Grant Revenue</u>	<u>Expenses and Authorized Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):				
<u>Subject to Annual Contribution Contract</u> Low Rent Public Housing	14.850	FW-1319	\$3,742	\$3,742
Total annual contribution contract			<u>\$3,742</u>	<u>\$3,742</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the HATWC and is presented on an accrual basis of accounting.

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
FINANCIAL DATA SCHEDULE--BALANCE SHEET
SEPTEMBER 30, 1999

ASSETS

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
	Cash:	
111	Cash - unrestricted	\$ <u>36,330</u>
	Total cash	<u>36,330</u>
125	Receivables:	
	Accounts receivable - miscellaneous	677
126	Accounts receivable - tenants - dwelling rents	4,754
126.1	Allowance for doubtful accounts - dwelling rents	<u>(1,995)</u>
	Total receivables, net of allowances for doubtful accounts	<u>3,436</u>
131	Investments - unrestricted	53,392
142	Prepaid expenses and other assets	<u>10,335</u>
	Total current assets	<u>103,493</u>
	Noncurrent Assets:	
	Fixed Assets:	
161	Land	882,258
162	Buildings	3,170,444
163	Furniture, equipment and machinery-dwellings	23,054
164	Furniture, equipment and machinery-administration	39,592
166	Accumulated depreciation	<u>(1,663,117)</u>
	Total fixed assets, net of accumulated depreciation	2,452,231
160		2,452,231
180	Total non-current assets	<u>2,452,231</u>
190	Total assets	<u>\$2,555,724</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
FINANCIAL DATA SCHEDULE- BALANCE SHEET, CONTINUED
SEPTEMBER 30, 1999**

LIABILITIES AND EQUITY

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
	<i>Current Liabilities:</i>	
312	Accounts payable ≤90 days	\$ 1,760
321	Accrued wage/payroll taxes payable	2,502
322	Accrued compensated absences	6,455
331	Accounts payable - HUD PHA programs	4,541
333	Accounts payable - other government	19,096
341	Tenant security deposits	11,520
345	Other current liabilities	<u>21,945</u>
310	Total current liabilities	<u>67,819</u>
300	Total liabilities	<u>67,819</u>
	<i>Contributed Capital:</i>	
504	Net HUD PHA contributions	4,113,134
508	Total contributed capital	4,113,134
512	Undesignated fund balance/retained earnings (deficit)	<u>(1,625,229)</u>
513	Total equity	<u>2,487,905</u>
600	Total liabilities and equity	<u>\$ 2,555,724</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
FINANCIAL DATA SCHEDULE--STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
703	Net tenant rental revenue	\$199,674
704	Tenant revenue - other	<u>10,433</u>
705	Total tenant revenue	210,107
706	HUD PHA Grants	3,742
711	Investment income - unrestricted	3,732
716	Gain/loss on sale of fixed assets	<u>(5,969)</u>
700	Total revenue	<u>211,612</u>
	Expenses Administrative:	
911	Administrative salaries	31,989
912	Auditing fees	8,008
914	Compensated absences	9,125
915	Employee benefit contribution administrative	7,265
916	Other operating - administrative	26,711
	Tenant Services:	
921	Tenant services - salaries	16,407
923	Employee benefit contributions - tenant services	5,956
	Utilities:	
931	Water	1,624
932	Electricity	5,837
933	Gas	235

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
FINANCIAL DATA SCHEDULE--STATEMENT OF REVENUE AND EXPENSES,
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>AMOUNT</u>
	Ordinary Maintenance & Operations:	
941	Ordinary maintenance and operations-labor	\$ 27,546
942	Ordinary maintenance and operations-materials and other	17,017
943	Ordinary maintenance and operations- contract costs	10,339
945	Employee benefit contributions-ordinary maintenance	14,536
	General Expenses:	
961	Insurance premiums	26,861
963	Payments in lieu of taxes	19,198
964	Bad debts-tenant rents	<u>2,951</u>
969	Total operating expenses	231,605
	Other Expenses:	
971	Extraordinary maintenance	18,822
974	Depreciation expense	<u>115,453</u>
900	Total expenses	<u>365,880</u>
1000	Excess (deficit) of revenue over expenses	<u>\$(154,268)</u>

See Independent Auditors' Report on Supplementary Information.

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

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

We have audited the financial statements of the **Housing Authority of the Town of White Castle (HATWC)** as of and for the year ended September 30, 1999, and have issued our report thereon dated June 7, 2000. 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 HATWC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 99-2 through 99-6.

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

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HATWC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves a matter 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 HATWC's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 99-1.

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 considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

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

(CONTINUED)

This report is intended solely for the information of the Board of Commissioners, management, U.S. Department of Housing and Urban Development, Legislative Auditor and State of Louisiana, and is not intended to, and should not be used by anyone other than these specified parties.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

June 7, 2000

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

Reference Number

99-1

Condition

Our review of twenty (20) cash disbursements, revealed a duplicate payment on an invoice in the amount of \$152.70. Subsequent to the initial payment, the HATWC has applied the necessary credit toward future invoices.

Recommendation

We recommend that management of the HATWC establish procedures to ensure that all invoices are reviewed and/or cancelled as applicable to avoid duplicate payments.

Management's Response

Management has revised its procedures to currently require a review by two individuals in an effort to eliminate the recurrence of the above condition.

Reference Number

99-2

Condition

The September 30, 1999 audit report for the HATWC was not submitted within the timeframe established by Louisiana Revised Statute 24:513.

Based on our discussion with management, we noted that the untimely submission was the result of a need to secure new auditors subsequent to a withdrawal by the previous auditors.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 1999

Reference Number, Continued

99-2

Recommendation

We recommend that management continue to undertake the necessary actions to ensure the timely submission of HATWC's annual audit report.

Management's Response

Management secured its auditors on a timely basis. However, the untimely withdrawal from the engagement by the previous auditors resulted in the late submission of the audit report.

Management will continue to secure its auditors on a timely basis to ensure timely submission of its audit report.

Reference Number

99-3

Condition

Our testing of a payroll disbursement revealed the following:

- In one (1) instance an employee had negative annual leave balance;
- In one (1) instance the required IRS Form W-4 and Louisiana Form L-4 for tax withholding were not in employees' file;
- In one (1) instance an "SF-1" form was not in the employees file.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

Reference Number, Continued

99-3

Recommendation

We recommend that each employee file contain the required documents to support compensation and related withholdings. In addition, leave used should be based on accrued time and in accordance with Article VII Section 14 of the Louisiana Constitution of 1974.

Management's Response

Management is in the process of addressing the conditions previously discussed and anticipates resolution by no later than September 30, 2000.

Reference Number

99-4

Condition

Our review of five (5) tenant files revealed an instance in which the tenant file did not contain HUD Form 50058 to support the tenant's continued eligibility.

Furthermore, we were unable to ascertain the timely submission of the HUD Form 50058 to "MTCS".

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 1999

Reference Number, Continued

99-4

Recommendation

Management should follow its current file maintenance system to ensure the timely filing of all required documents.

Management's Response

Management is in the process of changing its software system to HUD's Family Report software. It is anticipated that the new system will be in operation by no later than November 30, 2000.

Reference Number

99-5

Condition

Our testwork of the Performance Funding System (PFS) information submitted by HATWC to HUD, revealed differences in the rent-roll (18,222 per rental register versus 18,128 per HUD Form 52723) and number of units occupied (130 per rental register versus 131 per HUD Form 52723) used in the calculation of PFS.

Our discussion revealed that the unit count and rent roll used were provided to the fee accountant by HATWC.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

Reference Number, Continued

99-5

Condition, Continued

Pursuant to Section II of the Consolidated Annual Contributions Contract:

"The HA shall submit a calculation of operating subsidy eligibility in the manner prescribed by HUD in regulations in 24CFR..."

Furthermore, based on review of minutes of October 14, 1998, it appears that the report was not submitted to HUD within the required timeframe 90 to 150 days before beginning of fiscal year. It is our understanding through discussion with the fee accountant, that the delay was the result of outstanding factors due from HUD and needed in the computation of the subsidy.

Recommendation

Management should re-evaluate its current record retention and report submission policies and procedures. Such a process should be aimed at the elimination of the condition previously discussed.

Management's Response

The late submission of the PFS information was the result of a directive from the local HUD office to hold the report.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

Reference Number

99-6

Condition

Our review of tenant files revealed two (2) instances where Housing Quality Standards inspections were not performed on a timely basis.

Recommendation

HATWC should undertake the necessary action to ensure compliance with the requirements of 24 CFR and its executed Annual Contribution Contract with HUD as it relates specifically to unit inspections by ensuring that its files include all inspections performed.

Management's Response

Management has implemented the necessary procedure to ensure timely inspection of its units.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
 WHITE CASTLE, LOUISIANA
 STATUS OF PRIOR YEARS' AUDIT FINDING AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1999**

<u>Reference Number</u>	<u>Description</u>	<u>Fully Corrected</u>	<u>Partially Corrected</u>	<u>Not Corrected</u>
96-2	The 9/30/95 PHMAP was submitted after the 90 day submission deadline. Also, indicators 1, 3, 5, 6 and 7 were incorrectly calculated or data was insufficient to support calculation.	X*		

*HUD on September 1, 1998 issued the Public Housing Assessment System regulations.

HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999

Section I: SUMMARY OF AUDITORS' RESULTS

Federal Awards, Continued

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

N/A*

Identification of Major Programs:

N/A*

Dollar threshold used to distinguish between Type A and Type B Programs:

N/A*

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

N/A*

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

Section II: FINANCIAL STATEMENT FINDINGS

See 99-1 through 99-6 of Schedule of Findings and Questioned costs.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

Section III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs.

**HOUSING AUTHORITY OF THE TOWN OF WHITE CASTLE
WHITE CASTLE, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 1999**

**Section I, II and III: STATUS OF PRIOR YEARS' FINDINGS AND
QUESTIONED COSTS**

See 96-2 of Status of Prior Years' Findings and Questioned Costs.