

**HOUSING AUTHORITY OF  
WASHINGTON PARISH  
FRANKLINTON, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS**

*AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2017*

# HOUSING AUTHORITY OF WASHINGTON PARISH

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# *Kushner LaGraize, L.L.C.*

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## INDEPENDENT AUDITORS' REPORT

Housing Authority of  
Washington Parish  
Franklinton, Louisiana

We have audited the accompanying financial statements of the Housing Authority of Washington Parish Enterprise Fund (the Housing Authority), as of and for the six months ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority as of June 30, 2017, and the changes in financial position and cash flows thereof for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Housing Authority. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated in relation to the financial statements as a whole.

## **Emphasis of Matter**

As discussed in the notes to the financial statements, the financial statements present only the Housing Authority of Washington Parish Enterprise Fund and do not purport to, and do not present fairly the financial position of the Washington Parish Government as of June 30, 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2017 on our consideration of the Housing Authority internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
November 14, 2017

**HOUSING AUTHORITY OF WASHINGTON PARISH**  
**STATEMENT OF NET POSITION**  
*June 30, 2017*

ASSETS

<b>CURRENT ASSETS</b>	
Cash	\$ 49,087
Accounts receivable	498
Due from other governments	<u>1,621</u>
Total Current Assets	51,206
 <b>NONCURRENT ASSETS</b>	
Capital assets being depreciated, net	<u>815</u>
Total Noncurrent Assets	<u>815</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 52,021</u></u>

LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES</b>	
Accounts payable	<u>15,890</u>
Total Current Liabilities	15,890
 <b>NET POSITION</b>	
Net investment in capital assets	815
Unrestricted	<u>35,316</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 36,131</u></u>

**HOUSING AUTHORITY OF WASHINGTON PARISH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
*For the Six Months Ended June 30, 2017*

<b>OPERATING REVENUES</b>	
HUD operating grants	\$ 284,826
Administrative fee	<u>33,707</u>
Total Operating Revenues	318,533
<b>OPERATING EXPENSES</b>	
Housing assistance payments	262,257
General and administrative	41,575
Depreciation	<u>241</u>
Total Operating Expenses	<u>304,073</u>
Operating Income	14,460
<b>NONOPERATING REVENUES</b>	
Interest	<u>326</u>
<b>CHANGE IN NET POSITION</b>	14,786
<b>NET POSITION, JANUARY 1, 2017</b>	<u>21,345</u>
<b>NET POSITION, JUNE 30, 2017</b>	<u><u>\$ 36,131</u></u>

# HOUSING AUTHORITY OF WASHINGTON PARISH

## STATEMENT OF CASH FLOWS

For the Six Months Ended June 30, 2017

### CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from federal subsidies	\$ 263,848
Payments to landlords & tenants	(263,489)
Payments to suppliers	<u>(27,910)</u>

NET CASH USED IN OPERATING ACTIVITIES (27,551)

### CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>326</u>
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NET CASH PROVIDED BY INVESTING ACTIVITIES 326

NET DECREASE IN CASH (27,225)

BALANCES – JANUARY 1, 2017 76,312

BALANCES – JUNE 30, 2017 \$ 49,087

### RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating income	\$ 14,460
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	
Depreciation	241
Increase in due from other governments	(1,115)
Decrease in advanced revenue	(53,569)
Increase in accounts payable	13,664
Decrease in accrued liabilities	<u>(1,232)</u>

NET CASH USED IN OPERATING ACTIVITIES \$ (27,551)

**HOUSING AUTHORITY OF WASHINGTON PARISH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2017*

**ORGANIZATION**

The Housing Authority of Washington Parish (the Housing Authority) was formed in accordance with LSA R.S. 40:391, for the purpose of providing safe and sanitary dwelling accommodations for the residents of Washington Parish, Louisiana. This formation was contingent upon the approval of the Parish. Effective January 1, 2015, the Board of Commissioners of the Housing Authority was dissolved and the Parish Government assumed responsibility for the Housing Authority. Effective July 1, 2017, the Housing Authority was transferred and consolidated with the Tangipahoa Parish Government Housing Authority (see note 7).

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles 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.

***Reporting Entity***

GASB Statement No. 14, as amended by GASB Statements No. 61 and 80, established standards for defining and reporting on the financial entity. Under provisions of this statement, the Housing Authority is a blended component unit and is reported as an enterprise fund of the Washington Parish Government. The Housing Authority has no component units, defined by the GASB statements as other legally separate organizations for which the elected authority members are financially accountable. Therefore, the Housing Authority has applied the provisions of GASB Statement No. 14, as amended, as if it were a primary government.

***Fund Accounting***

The Housing Authority is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net position, revenues, and expenses. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are Section 8 Housing Assistance Subsidies and Section 8 Management Fees. Operating expenses include Section 8 Housing Assistance Payments and Administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Basis of Accounting***

For the six months ended June 30, 2017, the Housing Authority implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position.

# **HOUSING AUTHORITY OF WASHINGTON PARISH**

## **NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

*June 30, 2017*

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### ***Basis of Accounting – Continued***

The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues - Housing assistance subsidies and management fees are recorded as revenue when earned.

Expenses - All operating expenses, except depreciation, are recorded when they are incurred. Depreciation is recorded at year-end.

#### ***Cash***

The Housing Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

#### ***Capital Assets***

Capital assets of the Housing Authority are included in the statement of net position and are recorded at historical cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Equipment of the Housing Authority is depreciated using the straight-line method over the estimated useful life of 5 years.

#### ***Net Position***

In proprietary fund financial statements, equity is classified as net position and displayed in three components:

- A. Net investment in capital assets - consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- B. Restricted net position - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- C. Unrestricted net position - all other net assets that do not meet the definition of restricted or net investment in capital assets.

The Housing Authority considers restricted net position to be spent for expenses first when both restricted and unrestricted resources are available.

**HOUSING AUTHORITY OF WASHINGTON PARISH**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
*June 30, 2017*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

***Risk Management***

The Housing Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions and natural disasters. Management is of the opinion that any such losses would be covered by the existing insurance of the Washington Parish Government. In addition, the Housing Authority carries a separate insurance policy for general liability.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

***Due from Other Governments***

Amounts due to the Housing Authority by other governments or agencies are generally for grants or programs under which the services have been provided by the Housing Authority.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2017, the Housing Authority had cash and cash equivalents (book balances) totaling \$49,087 in interest-bearing demand deposits.

This account is stated at cost, which approximates fair value. Under state law, this account (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority's deposits may not be returned to it. At June 30, 2017, the Housing Authority had \$50,838 on deposit (collected bank balance). This account is secured from risk by \$250,000 of federal deposit insurance.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

The \$1,621 due from other governments represents amounts due from other Housing Authorities related to the Section 8 Housing Choice Vouchers Program.

# HOUSING AUTHORITY OF WASHINGTON PARISH

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

### NOTE 4 - CAPITAL ASSETS

Capital assets consist of the following:

	Balance at 01/01/17	Additions	Deletions	Balance at 06/30/17
Equipment	\$ 2,411	\$ -	\$ -	\$ 2,411
Accumulated depreciation	(1,355)	(241)	-	(1,596)
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 1,056</b>	<b>\$ (241)</b>	<b>\$ -</b>	<b>\$ 815</b>

Depreciation expense for the six months ended June 30, 2017 amounted to \$241.

### NOTE 5 - FEDERAL COMPLIANCE CONTINGENCIES

The Housing Authority 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 refunds by the entity to federal grantors and/or program beneficiaries. The authority is subject to the United States Department of Housing and Urban Development's consideration of reducing grants in order to have the Housing Authority utilize Housing Authority Net Position to fund expenses.

### NOTE 6 - ECONOMIC DEPENDENCE

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$318,533 to the Housing Authority, which represents approximately 100% of the Housing Authority's total revenue for the six months ended June 30, 2017.

### NOTE 7 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 14, 2017 which is the date the financial statements were available to be issued.

Subsequent to the date of the financial statements, effective July 1, 2017, in an effort to maintain program payments and reduce administrative costs, the Housing Authority of Washington Parish voluntarily transferred the Section 8 Housing Choice Voucher Program to the Tangipahoa Parish Housing Authority.

**HOUSING AUTHORITY OF WASHINGTON PARISH**  
*SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD*  
*For the Six Months Ended June 30, 2017*

The Washington Parish President, Richard Thomas, is considered the agency head of the Housing Authority. No compensation, benefits, or other payments were provided to Richard Thomas by the Housing Authority for the six months ended June 30, 2017. All items that require disclosure by Louisiana Revised Statute 24:513(A)(3), as amended by Act 706, will be addressed in the Washington Parish Government Annual Financial Statements.

# *Kushner LaGraize, L.L.C.*

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

The Housing Authority of Washington Parish  
Franklinton, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, the financial statements of the Housing Authority of Washington Parish (the Housing Authority) as of and for the six months ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated November 14, 2017.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## ***Compliance and Other Matters***

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

## ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
November 14, 2017

**HOUSING AUTHORITY OF WASHINGTON PARISH**  
**SCHEDULE OF FINDINGS**  
*June 30, 2017*

SECTION I - SUMMARY OF AUDITORS' REPORTS

- a. The Auditors' Report expresses an unmodified opinion on the financial statements of the Housing Authority of Washington Parish.
  
- b. Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.

Internal Control:

Significant deficiencies identified?      [ ] Yes    [X] None reported.  
Material weaknesses identified?          [ ] Yes    [X] No.

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None.

**HOUSING AUTHORITY WASHINGTON PARISH**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
*June 30, 2017*

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None.

SECTION II - MANAGEMENT LETTER

None.