

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Housing Authority of the City of Winnfield (HACW)**, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise **HACW's** basic 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

*Auditors' Responsibility, Continued*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 **HACW'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 **HACW'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 previously referred to present fairly, in all material respects, the respective financial position of **HACW** as of September 30, 2017, and the respective changes in net position and cash flows of its enterprise fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

***Other Matter***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018 on our consideration of HACW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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* in considering HACW's internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

March 26, 2018

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **INTRODUCTION TO FINANCIAL STATEMENTS**

The management of **Housing Authority of the City of Winnfield (HACW)** has complied with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for States and Local Governments (GASB 34)* and, as amended by GASB 37.

Management believes that GASB 34 as amended, financial statements provide useful information because these statements show not only the short-term results of operations but also the long-term financial picture.

**HACW** based on the requirements of GASB 34, as amended, has only one fund, the Enterprise Fund, and engages in only one type of activity. A Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position shown on pages 13 and 14, show the results of operations and financial position using the *total economic resources* measurement focus and the *accrual basis* of accounting, which emphasize the long-term financial picture and are very similar to the financial statements of private sector for profit enterprises.

The following is a discussion and analysis of **HACW's** financial activities for the years ended September 30, 2017 and 2016. This discussion and analysis should be read in conjunction with **HACW's** accompanying audited financial statements.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. **HACW**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. **HACW** has two federally funded programs that are consolidated into a single enterprise fund (operating fund program).

Low Rent Public Housing Program - **HACW's** Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with U.S. Department of Housing and Urban Development (HUD). HUD provides an operating grant to enable **HACW** to provide housing at a rent that is based upon 30% of adjusted gross household income.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**Fund Financial Statements, Continued**

Capital Fund Program (CFP) - The Low Rent Housing Program also includes the CFP as the primary funding source for physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of **HACW's** units.

**USING THIS ANNUAL REPORT**

**HACW's** annual report consists of financial statements that show combined information about **HACW's** most significant funds, Low Rent Public Housing, and Public Housing Capital Fund Programs.

**HACW's** auditors provided assurance in their independent auditor's report, located immediately preceding the MD&A. That opinion was unmodified with respect to the basic financial statements. The auditors' provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

**FINANCIAL HIGHLIGHTS**

- **HACW's** assets exceeded its liabilities by \$3,366,081 and \$3,157,968, respectively for the years ended September 30, 2017 and 2016.
  - Of this amount \$815,710 and \$596,636 of unrestricted net position for each period, may be used to meet **HACW's** ongoing obligations to citizens and creditors.
  - The remainder of \$2,550,371 and \$2,561,332, respectively represent a restriction equal to the net amount of investment in land, building and building improvements, equipment, and construction in progress.
  - **HACW's** most significant asset at September 30, 2017 and 2016 were capital assets of \$2,550,371 and \$2,561,332, respectively.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**FINANCIAL HIGHLIGHTS, CONTINUED**

- **HACW's** significant operating expenses for the years ended September 30, 2017 and 2016 were salaries and related benefits, depreciation, contractual services, and insurance premiums.
- Operating grants from the Federal government constitutes 51% for 2017 and 41% for 2016 of its total operating revenues with total dwelling revenues accounting for 44% of its total operating revenues for the year ended September 30, 2017 and 55% for 2016. Fees and charges constitute 5% for 2017 and 4% for 2016.
- Capital grants for modernization and management improvements were \$206,893 and \$6,090, respectively for the years ended September 30, 2017 and 2016.

**OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS**

The basic financial statements of **HACW** consists of the Statement of Net Position, (shows assets and liabilities separated into current and noncurrent and net position) and Statement of Revenues and Expenses and Changes in Net Position which uses the *full accrual* basis of accounting with revenues recognized when earned and expenses when incurred, regardless of the timing in the receipt of the disbursement. The notes to the financial statements provide additional information that is essential to a full understanding of the financial data provided in the basic financial statements. The measurement focus is the total economic resources of **HACW**.

The following provides condensed information from the Statement of Net Position as of September 30, 2017 and 2016.

| <b>Condensed Statement of Net Position</b> |                    |                    |
|--|--------------------|--------------------|
| <b>September 30</b>                        |                    |                    |
|  | <u>2017</u>        | <u>2016</u>        |
| Current assets                             | \$1,038,852        | \$ 690,141         |
| Capital assets, net                        | <u>2,550,371</u>   | <u>2,561,332</u>   |
| Total assets                               | <u>3,589,223</u>   | <u>3,251,473</u>   |
| Current liabilities                        | 209,974            | 88,055             |
| Non-current liabilities                    | <u>13,168</u>      | <u>5,450</u>       |
| Total liabilities                          | <u>223,142</u>     | <u>93,505</u>      |
| Net position                               | <u>\$3,366,081</u> | <u>\$3,157,968</u> |

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS, CONTINUED**

The following provides condensed information from the Statement of Revenues, Expenses and Changes in Net Position for the years ended September 30, 2017 and 2016:

**Condensed Statement of Revenues, Expenses and Changes in Net Position  
For the Years Ended September 30**

|  | <u>2017</u>        | <u>2016</u>        |
|--|--------------------|--------------------|
| Operating revenues                           | \$ 766,337         | \$ 581,822         |
| Operating expenses                           | <u>(757,175)</u>   | <u>(768,407)</u>   |
| Operating income                             | <u>9,162</u>       | <u>(186,585)</u>   |
| Non-operating revenues                       | <u>724</u>         | <u>496</u>         |
| Capital contributions                        | <u>206,893</u>     | <u>6,090</u>       |
| Change in net position                       | 216,779            | (179,999)          |
| Net position, beginning of year, as restated | <u>3,149,302</u>   | <u>3,337,967</u>   |
| Net position, end of year                    | <u>\$3,366,081</u> | <u>\$3,157,968</u> |

**EXPLANATION OF FINANCIAL ANALYSIS**

Changes in current assets for 2017 resulted from the timing in receipt of funds during 2017 and the balance in outstanding grants receivable and obligations at September 30, 2017 compared to 2016. The impact coupled with the timing of payments due to vendors, resulted in an increase in cash balance at September 30, 2017.

For 2017, the increase in liabilities was associated with the timing in vendor and other government payments.

Change in net position was \$216,779 and \$179,999 for the years ended September 30, 2017 and 2016, respectively. The primary cause for the increase during 2017 and decrease during 2016, was due to the level of funding received from HUD for modernization and management improvement projects

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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**EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED**

For 2017 and 2016 **HACW**'s earned capital funds were \$206,893, and \$6,090, respectively. The funding level to include the obligation and expenditures of capital funds, impacted the amount of change in net position for the years ended September 30, 2017 and 2016.

Changes in current assets for 2016 resulted from the timing in receipt of funds during 2016 and the balance in outstanding grants receivable and obligations at September 30, 2016 compared to 2015. The impact resulted in a decrease in cash at September 30, 2016.

For 2016, the decrease in liabilities was associated with the timing in vendor and other government payments.

The change in net position decreased by \$179,999 and by \$47,585 for the years ended September 30, 2016 and 2015, respectively. The primary cause for the decrease in 2016 and 2015 was the level of funding received from HUD.

For 2016 and 2015 **HACW**'s earned capital funds were \$6,090, and \$135,006, respectively. The funding level impacted the amount of change in net position for the years ended September 30, 2016 and 2015.

For 2017, a comparison to prior fiscal year reflects an increase in total operating and nonoperating revenues by \$184,743. Further, capital contributions from the Capital Funds Program increased by \$156,948 in 2017. The net change in total revenues resulted from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Federal revenues for 2017 from HUD for operations increased to \$393,606 compared to \$236,658 in 2016 principally due to the determination of **HACW**'s operating subsidy which is based upon a three year rolling average of past operations and available Capital Fund Program funds for operations.
- Capital Funds for new construction and modernization projects increased from \$6,090 in 2016 to \$206,893 during the year ended September 30, 2017. The increase was due to funding available for modernization projects during 2017.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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**EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED**

- Tenant revenues and fees increased from \$345,164 in 2016 to \$372,731 for the year ended September 30, 2017. The increase was due in part to changes in tenant personal income which serves as the basis for tenant rent payment level calculation and leased-up levels in 2017 compared to 2016.

In comparison to prior year, total operating expenses decreased from \$768,407 in 2016 to \$757,175 for the year ended September 30, 2017.

Reasons for most of these changes are listed below:

- Decrease in salaries and related benefits from \$246,262 in 2016 to \$213,352 in 2017 due to the net cost of living adjustments, and employee resignation.
- Contractual services cost increased from \$145,859 in 2016 to \$171,251 for the year ended September 30, 2017 from inflationary adjustments to costs and changes in services for garbage collection and lawn maintenance .

For 2016, a comparison to prior fiscal year reflects an increase in total operating and nonoperating revenues by \$43,947. Further, capital contributions from the Capital Funds Program decreased by \$128,916 in 2016. The net change in total revenues resulted from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Federal revenues for 2016 from HUD for operations decreased to \$236,658 compared to \$248,135 in 2015 principally due to the determination of **HACW's** operating subsidy which is based upon a three year rolling average of past operations and available Capital Fund Program funds for operations.
- Capital Funds for new construction and modernization projects decreased from \$135,006 to \$6,090 during the year ended September 30, 2016. The change was due to timing in modernization projects initiated during 2016.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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**EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED**

- Tenant revenues and fees increased from \$289,641 in 2015 to \$345,164 for the year ended September 30, 2016. The increase was due in part to changes in tenant personal income which serves as the basis for tenant rent payment level calculation and leased-up levels in 2016 compared to 2015.

In comparison to prior year, total operating expenses increased from \$720,962 in 2015 to \$768,407 for the year ended September 30, 2016

Reasons for most of these changes are listed below:

- Increase in salaries and related benefits from \$240,971 in 2015 to \$246,262 in 2016 due to cost of living adjustments.
- Contractual services cost increased from \$129,320 in 2015 to \$145,859 for the year ended September 30, 2016 from inflationary adjustments to costs.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

HACW's investment in capital assets amount to \$2,550,371 and \$2,561,332 net of accumulated depreciation of \$6,118,351 and \$5,808,130, respectively at September 30, 2017 and 2016.

A summary of its composition follows:

|                               | September 30,       |                     |
|-------------------------------|---------------------|---------------------|
|                               | <u>2017</u>         | <u>2016</u>         |
| Capital assets                | \$ 8,668,722        | \$ 8,470,462        |
| Less accumulated depreciation | <u>(6,118,351)</u>  | <u>(5,909,130)</u>  |
| Capital assets, net           | <u>\$ 2,550,371</u> | <u>\$ 2,561,332</u> |

Also, see the accompanying financial statements for additional disclosure on capital assets.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**DEBT**

At September 30, 2017 and 2016, **HACW** had no debt obligations in the form of loans, bonds, mortgages, etc.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**HACW** is primarily dependent upon Federal funding for its operations; therefore, it is affected more by Federal budget than by local economic conditions. **HACW's** operating subsidy calculation for 2018 has been submitted and approved with no major changes in the subsidy amount. **HACW's** capital fund programs are multiple year budgets and have remained relatively stable.

**REQUEST FOR INFORMATION**

This information report is designed to provide a general overview of **HACW** finances for all those with an interest in **HACW's** finances and should be read in conjunction with **HACW's** accompanying audited financial statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of Winnfield, 901 Neil Wagoner Drive, P. O. Box 1413, Winnfield, Louisiana 71483.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
STATEMENT OF NET POSITION--ENTERPRISE FUND  
SEPTEMBER 30, 2017**

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**ASSETS**

|                                       |                  |
|---------------------------------------|------------------|
| Current Assets:                       |                  |
| Cash (NOTE 2)                         | \$ 753,869       |
| Restricted cash (NOTE 3)              | 12,246           |
| Amounts receivable, net (NOTE 11)     | 237,619          |
| Prepaid items and other (NOTE 9)      | <u>35,118</u>    |
| Total current assets                  | <u>1,038,852</u> |
| Non-Current Assets:                   |                  |
| Capital assets, net (NOTES 4, AND 10) | <u>2,550,371</u> |
| Total non-current assets              | <u>2,550,371</u> |
| Total assets                          | <u>3,589,223</u> |

**LIABILITIES**

|   |                |
|---|----------------|
| Current Liabilities:                                |                |
| Amounts and other payable (NOTE 5)                  | 191,534        |
| Compensated absences payable (NOTE 14)              | 5,700          |
| Security and pet deposits held for tenants (NOTE 3) | 12,246         |
| Unearned revenues                                   | <u>494</u>     |
| Total current liabilities                           | <u>209,974</u> |
| Non-Current Liabilities:                            |                |
| Compensated absences payable (NOTE 14)              | <u>13,168</u>  |
| Total non-current liabilities                       | <u>13,168</u>  |
| Total liabilities                                   | <u>223,142</u> |

**NET POSITION**

|   |                    |
|---|--------------------|
| Net investment in capital assets (NOTE 4) | 2,550,371          |
| Unrestricted                              | <u>815,710</u>     |
| Total net position                        | <u>\$3,366,081</u> |

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION--ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

|  |                    |
|--|--------------------|
| Operating Revenues:                          |                    |
| HUD operating grant                          | \$ 393,606         |
| Dwelling rental                              | 339,463            |
| Fees and charges                             | <u>33,268</u>      |
| Total operating revenues                     | <u>766,337</u>     |
| Operating Expenses:                          |                    |
| Salaries and employee benefits               | 213,352            |
| Compensated absences                         | 9,243              |
| Materials                                    | 30,198             |
| Contractual services                         | 171,251            |
| Utilities                                    | 14,162             |
| Depreciation                                 | 209,221            |
| Insurance                                    | 41,982             |
| Training, convention and travel              | 3,028              |
| Office supplies                              | 7,048              |
| Postage and publication                      | 3,879              |
| Advertising                                  | 1,195              |
| General                                      | 4,863              |
| Telephone                                    | 6,388              |
| Membership dues                              | 1,120              |
| Payment in lieu of taxes                     | 35,195             |
| Bad debt                                     | <u>5,050</u>       |
| Total operating expenses                     | <u>757,175</u>     |
| Operating income                             | <u>9,162</u>       |
| Non-operating Revenues:                      |                    |
| Interest income                              | <u>724</u>         |
| Total non-operating revenues                 | <u>724</u>         |
| Capital Contributions:                       |                    |
| HUD capital grants                           | <u>206,893</u>     |
| Total capital contributions                  | <u>206,893</u>     |
| Change in net position                       | <u>216,779</u>     |
| Net position, beginning of year              | 3,157,968          |
| Prior period adjustments, net (NOTE 15)      | <u>(8,666)</u>     |
| Net position, beginning of year, as restated | <u>3,149,302</u>   |
| Net position, end of year                    | <u>\$3,366,081</u> |

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**STATEMENT OF CASH FLOWS--ENTERPRISE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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|   |                   |
|---|-------------------|
| Cash Flows Provided by Operating Activities:              |                   |
| HUD operating grants                                      | \$ 239,266        |
| Receipts from tenants                                     | 368,509           |
| Receipt of interest income                                | 724               |
| Payments to vendors                                       | (190,672)         |
| Payments to employees and related benefits                | <u>(231,194)</u>  |
| Net cash provided by operating activities                 | <u>186,633</u>    |
| Cash Flows from Capital and Related Financing Activities: |                   |
| Acquisition of capital assets                             | (196,514)         |
| Capital contributions                                     | <u>192,155</u>    |
| Net cash used by capital and related financing activities | <u>(4,359)</u>    |
| Net increase in cash                                      | 182,274           |
| Cash, beginning of year                                   | <u>583,841</u>    |
| Cash, end of year   | <u>\$ 766,115</u> |
| NOTE:   |                   |
| Cash  | \$ 753,869        |
| Restricted cash   | <u>12,246</u>     |
| Total cash  | <u>\$ 766,115</u> |

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
STATEMENT OF CASH FLOWS--ENTERPRISE FUND, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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|  |                   |
|--|-------------------|
| Reconciliation of Operating Income to Net Cash Provided By     |                   |
| Operating Activities:  |                   |
| Operating income   | \$ 9,162          |
| Adjustments to reconcile operating income to net cash provided |                   |
| by operating activities:                                       |                   |
| Depreciation   | 209,221           |
| Bad debt   | 5,050             |
| Changes in assets and liabilities:                             |                   |
| Increase in amounts receivable, net                            | (158,562)         |
| Increase in prepaid items and other                            | (7,875)           |
| Increase in amounts and other payable                          | 130,315           |
| Decrease in compensated absences payable                       | (595)             |
| Increase in security deposits held for tenants                 | 36                |
| Decrease in unearned revenues                                  | <u>(119)</u>      |
| Net cash provided by operating activities                      | \$ <u>186,633</u> |

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 - Summary of Significant Accounting Policies:

Background

The **Housing Authority of the City of Winnfield (HACW)** 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. **HACW** has been contracted by HUD to administer the Low-Rent Housing Program under an Annual Contributions Contract.

As of September 30, 2017, **HACW** was primarily engaged in the administration of Low-Rent Public Housing Program to low-income residents in Winnfield, Louisiana.

Under the Low-Rent Public Housing Program, **HACW** provides housing to eligible families under leasing arrangements.

Financial Reporting Entity

**HACW** 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 City of Winnfield.

Government Accounting Standards Board (GASB) Statement Nos. 14 and 39, established standards for defining and reporting on the financial entity. The standards indicate 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. The basic criteria for including a component unit within the reporting entity's financial accountability includes:

1. Appointing a majority of an organization's governing body, and;
  - a. The ability of the government to impose its will on that organization and/or

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependant on the government.
3. Organizations for which the reporting entity's financial statements would be misleading if not included because of the nature or significance of the relationship.

**HACW** 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 GASBs 14 and 39. Accordingly, management has concluded that **HACW** is a financial reporting entity within the meaning of the provisions of GASBs 14 and 39. Accordingly, **HACW** is not a component unit of the financial reporting entity of the City of Winnfield. Also, **HACW** has no component unit for financial reporting entity purposes as described within the provisions of GASB Statement No.'s 14, 39 and as amended by 61.

Basis of Presentation

As required by Louisiana Revised Statute (LRS-24:514) and HUD regulations, the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Proprietary Fund Type - A 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. **HACW's** fund include the following type:

Enterprise Fund - An 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.

**HACW** follows the provisions of GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions).

Under GASB 33 Standards, **HACW** recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- Assets and liabilities are recognized when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met;
- Transactions with time requirement(s) received prior to the satisfaction of the time requirement(s) are recorded as deferred revenues upon award; and
- Transactions with no time requirement(s) are recorded by **HACW** as revenues upon award.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Measurement Focus and Basis of Accounting and Financial Statement of Presentation

**HACW** adopted the provisions of Government Accounting Standards Board Statement No. 34, as amended, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". Statement No. 34, as amended established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. It requires the classification of net position into three components-net investment in capital assets, restricted; and unrestricted.

The term measurement focus is used to denote what is being measured and reported in **HACW's** operating statement. **HACW's** financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether **HACW** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **HACW's** operating statement. **HACW** used the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Summary of Significant Accounting Policies. Continued:

Net Position

**HACW** has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standards provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of **HACW's** net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Budgets

**HACW** 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. **HACW** does not present its budgeted to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Board.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America.

Statement of Cash Flows

For purposes of the statement of cash flows, **HACW** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments. At September 30, 2017, temporary cash investments were \$-0-.

Capital Assets

Capital assets are recorded at cost or estimated costs. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs 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 enterprise fund.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Capital Assets, Continued

Capital assets with a cost of \$1,000 or more are capitalized and depreciated in the enterprise fund of **HACW** using the following estimated useful lives in years.

| <u>Assets</u>         | <u>Estimated Useful Lives in Years</u> |
|-----------------------|--|
| Land improvements     | 15                                     |
| Building              | 33                                     |
| Building improvements | 15                                     |
| Equipment             | 3-7                                    |

Under accounting principles generally accepted in the United States of America, long lived assets are to be reviewed for impairment. If the sum of the expected future cash flow is less than the carrying value amount of the asset, an impairment loss should be recognized. At September 30, 2017, management has determined that there are no assets subject to the requirements of GASB No. 42 "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries".

Compensated Absences

**HACW** 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 enterprise fund when leave is earned.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due to and from have been netted at the combined level financial statements.

NOTE 2 - Cash:

At September 30, 2017, the carrying amount of **HACW's** cash deposits was \$753,869 and the cumulative bank balance was \$836,594. The bank balances are covered by federal depository insurance and collateral held by the pledging institution's agent in **HACW's** name.

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 pledge 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 **HACW**.

Custodial credit is the risk that, in the event of a failure by the financial institution, **HACW's** deposits may not be returned to it. **HACW's** bank balances were not exposed to custodial credit risk, since the pledged securities were in the name of **HACW** and were held in safekeeping.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - Cash, Continued:

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the **HACW** or with an unaffiliated bank or trust company for the account of **HACW**.

NOTE 3 - Restricted Cash:

At September 30, 2017, restricted cash consisted of \$12,246 in security and pet deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

NOTE 4 - Capital Assets, Net:

At September 30, 2017, capital assets, net consisted of the following:

|                                     | Balance<br>October 1, 2016 | Addition          | Other              | Balance<br>September 30, 2017 |
|-------------------------------------|----------------------------|-------------------|--------------------|-------------------------------|
| Land and land improvements          | \$ 360,222                 | \$ -0-            | \$ -0-             | \$ 360,222                    |
| Buildings and building improvements | 7,725,050                  | 141,823           | -0-                | 7,866,873                     |
| Equipment                           | 241,696                    | -0-               | -0-                | 241,696                       |
| Construction in progress            | <u>143,494</u>             | <u>199,931</u>    | <u>(143,494)</u>   | <u>199,931</u>                |
| Sub-total                           | 8,470,462                  | 341,754           | (143,494)          | 8,668,722                     |
| Less accumulated depreciation       | <u>(5,909,130)</u>         | <u>(209,221)</u>  | <u>-0-</u>         | <u>(6,118,351)</u>            |
| Total                               | <u>\$ 2,561,332</u>        | <u>\$ 132,533</u> | <u>\$(143,494)</u> | <u>\$ 2,550,371</u>           |

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 5 - Amounts and Other Payable:

At September 30, 2017, amounts and other payable consisted of the following:

|                                  |                  |
|----------------------------------|------------------|
| Accounts payable - vendors       | \$152,685        |
| Payroll taxes and other payables | 3,654            |
| Payments in lieu of taxes        | <u>35,195</u>    |
| Total                            | <u>\$191,534</u> |

NOTE 6 - Risk Management:

**HACW** is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HACW** 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 7 - Concentration of Credit Risk:

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

NOTE 8 - Contingencies:

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

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 9 - Prepaid Items and Other:

At September 30, 2017, prepaid items and other consisted of the following:

|                                   |                 |
|-----------------------------------|-----------------|
| Prepaid insurance                 | \$21,481        |
| Prepaid computer support services | 5,225           |
| Inventories                       | <u>8,949</u>    |
| Sub-total                         | 35,655          |
| Less allowance for obsolescence   | <u>(537)</u>    |
| Total                             | <u>\$35,118</u> |

NOTE 10 - Commitments:

At September 30, 2017, **HACW** has executed agreements with HUD totaling \$821,608 for various modernization and capital project activities in progress. Balance of funds remaining at September 30, 2017 was \$231,173 (see Schedule IV).

NOTE 11 - Amounts Receivable, Net:

At September 30, 2017, amounts receivable, net consisted of the following:

|                                      |                  |
|--------------------------------------|------------------|
| Amounts receivable - tenant          | \$ 6,948         |
| Amounts receivable - HUD             | <u>230,696</u>   |
| Sub-total                            | 237,644          |
| Less allowance for doubtful accounts | <u>(25)</u>      |
| Total                                | <u>\$237,619</u> |

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 12 - Per Diem to Board Members:

During the year ended September 30, 2017, board members received per diem in their capacity as commissioners at a rate of \$50 per board meeting attended. Total payments to all commissioners for the year ended September 30, 2017 was \$2,050.

NOTE 13 - Retirement System:

Plan Description

On November 20, 2006, the Board of Commissioners for **HACW** approved the establishment of a single employer defined contribution plan. The Housing Authority of the City of Winnfield's Retirement Plan (the Plan) is authorized and may be amended by the Board of Commissioners.

Plan Funding

Funding for the Plan is through a contribution of 3% and 8% by participating employees and **HACW** respectively. Eligibility is based on full-time and part-time employment with a minimum of 20 hours per week and five months a year. The contribution is based on the employee's base salary each month.

**HACW's** gross payroll for participating employees for the year ended September 30, 2017 was \$110,550. **HACW** and employee contributions made using base salary amounted to \$8,844 and \$3,344, respectively.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 14 - Changes in Compensated Absences Payable:

The following is a summary of changes in compensated absences payable at September 30, 2017:

|                   | <u>Current</u>  | <u>Noncurrent</u> | <u>Total</u>    |
|-------------------|-----------------|-------------------|-----------------|
| Beginning of year | \$14,013        | \$ 5,450          | \$19,463        |
| Net change        | <u>(8,313)</u>  | <u>7,718</u>      | <u>(595)</u>    |
| End of year       | <u>\$ 5,700</u> | <u>\$13,168</u>   | <u>\$18,868</u> |

Of the total noncurrent liabilities at September 30, 2017 approximately \$8,400 is due within one year of September 30, 2017.

NOTE 15 - Prior Period Adjustments, Net:

The net effect of prior period adjustments of \$8,666, is to properly state net position at October 1, 2016.

**SUPPLEMENTARY INFORMATION**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

Our report on our audit of the financial statements of **Housing Authority of the City of Winnfield (HACW)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule III) is presented for purposes of additional analysis as required by Title 2 of the United States Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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. The information in Schedule III 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, Schedule III is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**  

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**(CONTINUED)**

The supplementary information (Schedules I, II, and IV) required by HUD and Schedule V is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements. Such information 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, Schedules I, II, IV, and V are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

March 26, 2018

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--BALANCE SHEET**  
**SEPTEMBER 30, 2017**

| <u>Line Item No.</u> | <u>Description</u>   | <u>OPERATING FUND PROGRAM</u>                      |                                     |                     |
|----------------------|--|--|-------------------------------------|---------------------|
|                      |  | <u>Low Rent<br/>Public<br/>Housing<br/>Program</u> | <u>Capital<br/>Fund<br/>Program</u> | <u>Total</u>        |
| 111                  | Cash - unrestricted  | \$ 753,869   | \$ -0-                              | \$ 753,869          |
| 114                  | Cash-tenant security deposits                                | <u>12,246</u>                                      | <u>-0-</u>                          | <u>12,246</u>       |
| 100                  | Total cash   | <u>766,115</u>                                     | <u>-0-</u>                          | <u>766,115</u>      |
| 122                  | Accounts receivable - HUD other projects                     | -0-  | 230,696                             | 230,696             |
| 126                  | Accounts receivable - tenants                                | 6,948  | -0-                                 | 6,948               |
| 126.1                | Allowance for doubtful accounts - tenants                    | <u>(25)</u>  | <u>-0-</u>                          | <u>(25)</u>         |
| 120                  | Total receivables, net of allowance<br>for doubtful accounts | <u>6,923</u>                                       | <u>230,696</u>                      | <u>237,619</u>      |
| 142                  | Prepaid expenses and other assets                            | 26,706   | -0-                                 | 26,706              |
| 143                  | Inventories  | 8,949  | -0-                                 | 8,949               |
| 143.1                | Allowance for obsolete inventories                           | (537)  | -0-                                 | (537)               |
| 144                  | Interprogram - due from                                      | <u>86,302</u>                                      | <u>-0-</u>                          | <u>86,302</u>       |
| 150                  | Total current assets   | <u>894,458</u>                                     | <u>230,696</u>                      | <u>1,125,154</u>    |
| 161                  | Land   | 360,222  | -0-                                 | 360,222             |
| 162                  | Buildings  | 7,866,873  | -0-                                 | 7,866,873           |
| 163                  | Furniture, equipment & machinery - dwellings                 | 142,319  | -0-                                 | 142,319             |
| 164                  | Furniture, equipment & machinery - administration            | 99,377   | -0-                                 | 99,377              |
| 166                  | Accumulated depreciation                                     | (6,118,351)  | -0-                                 | (6,118,351)         |
| 167                  | Construction-in-progress                                     | <u>-0-</u>   | <u>199,931</u>                      | <u>199,931</u>      |
| 160                  | Total capital assets, net accumulated<br>depreciation        | <u>2,350,440</u>                                   | <u>199,931</u>                      | <u>2,550,371</u>    |
| 180                  | Total non-current assets                                     | <u>2,350,440</u>                                   | <u>199,931</u>                      | <u>2,550,371</u>    |
| 190                  | Total assets   | \$ <u>3,244,898</u>                                | \$ <u>430,627</u>                   | \$ <u>3,675,525</u> |

See Independent Auditors' Report on Supplementary Information

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
 FINANCIAL DATA SCHEDULE--BALANCE SHEET, CONTINUED  
 SEPTEMBER 30, 2017

| <u>Line Item No.</u> | <u>Description</u>                         | <u>OPERATING FUND PROGRAM</u>                      |                                     |                    |
|----------------------|--|--|-------------------------------------|--------------------|
|                      |  | <u>Low Rent<br/>Public<br/>Housing<br/>Program</u> | <u>Capital<br/>Fund<br/>Program</u> | <u>Total</u>       |
| 312                  | Accounts payable ≤ 90 days                 | \$ 8,291   | \$144,394                           | \$ 152,685         |
| 321                  | Accrued wage/payroll taxes payable         | 3,654  | -0-                                 | 3,654              |
| 322                  | Accrued compensated absences - current     | 5,700  | -0-                                 | 5,700              |
| 333                  | Accounts payable - other government        | 35,195   | -0-                                 | 35,195             |
| 341                  | Tenant security deposits                   | 12,246   | -0-                                 | 12,246             |
| 342                  | Unearned revenue                           | 494  | -0-                                 | 494                |
| 347                  | Interprogram-due to                        | <u>-0-</u>   | <u>86,302</u>                       | <u>86,302</u>      |
| 310                  | Total current liabilities                  | <u>65,580</u>                                      | <u>230,696</u>                      | <u>296,276</u>     |
| 354                  | Accrued compensated absences - non-current | <u>13,168</u>                                      | <u>-0-</u>                          | <u>13,168</u>      |
| 350                  | Total non-current liabilities              | <u>13,168</u>                                      | <u>-0-</u>                          | <u>13,168</u>      |
| 300                  | Total liabilities                          | <u>78,748</u>                                      | <u>230,696</u>                      | <u>309,444</u>     |
| 508.4                | Net investment in capital assets           | 2,350,440  | 199,931                             | 2,550,371          |
| 512.4                | Unrestricted net position                  | <u>815,710</u>                                     | <u>-0-</u>                          | <u>815,710</u>     |
| 513                  | Total net position                         | <u>3,166,150</u>                                   | <u>199,931</u>                      | <u>3,366,081</u>   |
| 600                  | Total liabilities and equity/net position  | <u>\$3,244,898</u>                                 | <u>\$430,627</u>                    | <u>\$3,675,525</u> |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
FINANCIAL DATA SCHEDULE--INCOME STATEMENT  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

| <u>Line Item No.</u> | <u>Description</u>                            | <u>OPERATING FUND PROGRAM</u>                      |                                     |                |
|----------------------|---|--|-------------------------------------|----------------|
|                      |   | <u>Low Rent<br/>Public<br/>Housing<br/>Program</u> | <u>Capital<br/>Fund<br/>Program</u> | <u>Total</u>   |
| 70300                | Net tenant rental revenue                     | \$339,463  | \$ -0-                              | \$339,463      |
| 70400                | Tenant revenue - other                        | <u>33,268</u>                                      | <u>-0-</u>                          | <u>33,268</u>  |
| 70500                | Total tenant revenue                          | <u>372,731</u>                                     | <u>-0-</u>                          | <u>372,731</u> |
| 70600                | HUD PHA operating grants                      | 265,629  | 127,977                             | 393,606        |
| 70610                | Capital grants                                | -0-  | 206,893                             | 206,893        |
| 71100                | Investment income - unrestricted              | <u>724</u>   | <u>-0-</u>                          | <u>724</u>     |
| 70000                | Total revenue                                 | <u>639,084</u>                                     | <u>334,870</u>                      | <u>973,954</u> |
| 91100                | Administrative salaries                       | 112,327  | -0-                                 | 112,327        |
| 91200                | Auditing fees                                 | 14,450   | -0-                                 | 14,450         |
| 91400                | Advertising and marketing                     | 1,195  | -0-                                 | 1,195          |
| 91500                | Employee benefit contributions-administrative | 40,294   | -0-                                 | 40,294         |
| 91600                | Office expense                                | 58,253   | -0-                                 | 58,253         |
| 91700                | Legal expense                                 | 9,852  | -0-                                 | 9,852          |
| 91800                | Travel  | 2,050  | -0-                                 | 2,050          |
| 91900                | Other   | <u>7,650</u>                                       | <u>-0-</u>                          | <u>7,650</u>   |
| 91000                | Total operating - administrative              | <u>246,071</u>                                     | <u>-0-</u>                          | <u>246,071</u> |
| 93100                | Water   | 2,429  | -0-                                 | 2,429          |
| 93200                | Electricity                                   | 10,549   | -0-                                 | 10,549         |
| 93300                | Gas   | <u>1,184</u>                                       | <u>-0-</u>                          | <u>1,184</u>   |
|                      | Total utilities                               | <u>14,162</u>                                      | <u>-0-</u>                          | <u>14,162</u>  |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
FINANCIAL DATA SCHEDULE--INCOME STATEMENT, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>Line Item No.</u> | <u>Description</u>  | <u>OPERATING FUND PROGRAM</u>                      |                                     |                |
|----------------------|---|--|-------------------------------------|----------------|
|                      |   | <u>Low Rent<br/>Public<br/>Housing<br/>Program</u> | <u>Capital<br/>Fund<br/>Program</u> | <u>Total</u>   |
| 94100                | Ordinary maintenance and operations-labor   | \$ 43,236  | \$-0-                               | \$ 43,236      |
| 94200                | Ordinary maintenance and operations-materials and other                           | 30,198   | -0-                                 | 30,198         |
| 94300-010            | Ordinary maintenance and operations contracts-garbage and trash removal contracts | 18,459   | -0-                                 | 18,459         |
| 94300-020            | Ordinary maintenance and operations contracts-heating and cooling contracts       | 12,447   | -0-                                 | 12,447         |
| 94300-050            | Ordinary maintenance and operations contracts-landscape and grounds contracts     | 31,600   | -0-                                 | 31,600         |
| 94300-060            | Ordinary maintenance and operations contracts-unit turnover                       | 4,375  | -0-                                 | 4,375          |
| 94300-090            | Ordinary maintenance and operations-extermination contracts                       | 10,319   | -0-                                 | 10,319         |
| 94300-120            | Ordinary maintenance and operations contracts-miscellaneous                       | 28,122   | -0-                                 | 28,122         |
| 94500                | Employee benefit contributions ordinary maintenance                               | <u>17,495</u>                                      | <u>-0-</u>                          | <u>17,495</u>  |
| 94000                | Total maintenance and operations  | <u>196,251</u>                                     | <u>-0-</u>                          | <u>196,251</u> |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
FINANCIAL DATA SCHEDULE--INCOME STATEMENT, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>Line Item No.</u> | <u>Description</u>  | <u>OPERATING FUND PROGRAM</u>                      |                                     |                    |
|----------------------|---|--|-------------------------------------|--------------------|
|                      |   | <u>Low Rent<br/>Public<br/>Housing<br/>Program</u> | <u>Capital<br/>Fund<br/>Program</u> | <u>Total</u>       |
| 96110                | Property insurance  | \$ 32,391  | \$ -0-                              | \$ 32,391          |
| 96120                | Liability insurance   | 7,265  | -0-                                 | 7,265              |
| 96130                | Workmen's compensation  | <u>2,326</u>                                       | <u>-0-</u>                          | <u>2,326</u>       |
| 96100                | Total insurance premium   | <u>41,982</u>                                      | <u>-0-</u>                          | <u>41,982</u>      |
| 96210                | Compensated absences  | 9,243  | -0-                                 | 9,243              |
| 96300                | Payment in lieu of taxes  | 35,195   | -0-                                 | 35,195             |
| 96400                | Bad debt - tenant rents   | <u>5,050</u>                                       | <u>-0-</u>                          | <u>5,050</u>       |
| 96000                | Total other general   | <u>49,488</u>                                      | <u>-0-</u>                          | <u>49,488</u>      |
| 96900                | Total operating expenses  | <u>547,954</u>                                     | <u>-0-</u>                          | <u>547,954</u>     |
| 97000                | Excess (deficiency) of operating revenue<br>over (under) operating expenses | <u>91,130</u>                                      | <u>334,870</u>                      | <u>426,000</u>     |
| 97400                | Depreciation expense  | <u>209,221</u>                                     | <u>-0-</u>                          | <u>209,221</u>     |
| 90000                | Total expenses  | <u>757,175</u>                                     | <u>-0-</u>                          | <u>757,175</u>     |
| 10010                | Operating transfer in   | 127,977  | -0-                                 | 127,977            |
| 10020                | Operating transfer (out)  | <u>-0-</u>   | <u>(127,977)</u>                    | <u>(127,977)</u>   |
|                      | Total other financing sources (uses)  | <u>127,977</u>                                     | <u>(127,977)</u>                    | <u>-0-</u>         |
| 10000                | Excess (deficiency) of total revenue<br>over (under) total expenses         | <u>9,886</u>                                       | <u>206,893</u>                      | <u>216,779</u>     |
| 11030                | Beginning equity/net position   | <u>\$3,014,474</u>                                 | <u>\$ 143,494</u>                   | <u>\$3,157,968</u> |
| 11040                | Prior period adjustments, net   | <u>\$ 141,790</u>                                  | <u>\$(150,456)</u>                  | <u>\$ (8,666)</u>  |
| 11190                | Unit months available   | <u>1,416</u>                                       |                                     |                    |
| 11210                | Number of unit months leased  | <u>1,398</u>                                       |                                     |                    |
| 11270                | Excess cash   | <u>\$ 748,098</u>                                  |                                     |                    |
| 11620                | Building purchases  | <u>\$ 196,514</u>                                  |                                     |                    |

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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| <u>Federal Grantor</u>   | <u>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------|---------------------------------|
| Program funded by the U.S. Department of<br>Housing and Urban Development: |                        |                                 |
| <u>Subject to Annual Contributions Contract</u>                            |                        |                                 |
| Low Rent Public Housing Program  | 14.850                 | \$265,629                       |
| Capital Fund Program   | 14.872                 | <u>334,870</u>                  |
| Total  |                        | <u>\$600,499</u>                |

NOTE: Basis of Presentation

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

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**  
STATEMENT OF CAPITAL FUND PROGRAM (INCOMPLETE)  
FROM INCEPTION THROUGH SEPTEMBER 30, 2017

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|  | <u>LA123501-12</u> | <u>LAP123501-13</u> | <u>LAP123501-14</u> | <u>LAP123501-15</u> | <u>LA123501-16</u>  | <u>LA 123501-17</u> | <u>TOTAL</u>        |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Funds approved                           | \$ 120,704         | \$ 127,299          | \$126,933           | \$ 141,042          | \$ 147,856          | \$157,774           | \$ 821,608          |
| Funds expended                           | <u>(120,704)</u>   | <u>(127,299)</u>    | <u>(73,143)</u>     | <u>(140,584)</u>    | <u>(128,705)</u>    | <u>(-0-)</u>        | <u>(590,435)</u>    |
| Excess of funds<br>approved              | \$ <u>-0-</u>      | \$ <u>-0-</u>       | \$ <u>53,790</u>    | \$ <u>458</u>       | \$ <u>19,151</u>    | \$ <u>157,774</u>   | \$ <u>231,173</u>   |
| Fund advanced:                           |                    |                     |                     |                     |                     |                     |                     |
| Grand funding                            | \$ <u>120,704</u>  | \$ <u>127,299</u>   | \$ <u>58,619</u>    | \$ <u>53,117</u>    | \$ <u>-0-</u>       | \$ <u>-0-</u>       | \$ <u>359,739</u>   |
| Total funds advanced                     | 120,704            | 127,299             | 58,619              | 53,117              | -0-                 | -0-                 | 359,739             |
| Funds expended                           | <u>(120,704)</u>   | <u>(127,299)</u>    | <u>(73,143)</u>     | <u>(140,584)</u>    | <u>(128,705)</u>    | <u>-0-</u>          | <u>(590,435)</u>    |
| Excess (deficiency) of<br>funds advanced | \$ <u>-0-</u>      | \$ <u>-0-</u>       | \$ <u>(14,524)</u>  | \$ <u>(87,467)</u>  | \$ <u>(128,705)</u> | \$ <u>-0-</u>       | \$ <u>(230,696)</u> |

See Independent Auditors Report on Supplementary Information.

SCHEDULE V

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO THE EXECUTIVE3 DIRECTOR  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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EXECUTIVE DIRECTOR:

Name: Mr. Bobby Collins

| <u>Purpose</u> | <u>Amount</u>   |
|----------------|-----------------|
| Compensation   | \$35,900        |
| Benefits       | <u>11,618</u>   |
| Total          | <u>\$47,518</u> |

See Independent Auditors' Report on Supplementary Information.

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

---

Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

We have audited in accordance with the 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 of America, the financial statements of **Housing Authority of the City of Winnfield (HACW)** as of and for the year ended September 30, 2017 and the related notes to the financial statements, and have issued our report dated March 26, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered **HACW's** internal control over financial reporting 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 our opinion on the effectiveness of **HACW's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **HACW's** internal control over financial reporting.

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  

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(CONTINUED)

**Internal Control Over Financial Reporting, Continued**

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*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 financial statements will not be prevented, or detected and corrected by **HACW** 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 weaknesses, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **HACW**'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 and other matters that are required to be reported under *Government Auditing Standards*.

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  

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(CONTINUED)

**Compliance and Other Matters, Continued**

***Purpose of this Report***

The purpose of this report is solely 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 the effectiveness of HACW's internal control over financial reporting and on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HACW's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of HACW's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

March 26, 2018

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

|   |               |
|---|---------------|
| Type of auditors' report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| • Material weakness(es) identified?                   | No            |
| • Significant deficiency(ies) identified?             | None Reported |
| Noncompliance material to financial statements noted? | No            |

***Federal Awards***

|  |     |
|--|-----|
| Internal Control Over Major Programs:  |     |
| • Material weakness(es) identified?  | N/A |
| • Significant deficiency(ies) identified?  | N/A |
| Type of auditor's report issued on compliance for major programs:  | N/A |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of <i>the Uniform Guidance</i> ? | N/A |

N/A - Not Applicable

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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**Section I - Summary of Auditors' Results, Continued**

*Federal Awards, Continued*

|   |  |
|---|--|
| Identification of Major Programs:   | <u>Name of Federal Program or Cluster</u><br>N/A |
| Dollar threshold used to distinguish<br>between type A and type B programs: | N/A  |
| Auditee qualified as low-risk auditee?                                      | N/A  |

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**WINNFIELD, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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**Section II - Financial Statement Findings and Questioned Costs**

No financial statement findings and questioned costs were reported for the audit period ended September 30, 2017.

**Section III - Federal Award Findings and Questioned Costs**

No federal award findings and questioned costs were reported for the audit period ended September 30, 2017.

**Section IV - Status of Prior Year's Findings and Questioned Costs**

No prior year's findings and questioned costs were reported under this section.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**

EXIT CONFERENCE

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The financial statements and related reports were discussed at an exit conference held with management of **Housing Authority of the City of Winnfield** noting their agreement in all material respects.

Those that participated in the discussions are as follows:

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD  
WINNFIELD, LOUISIANA**

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|                         |    |                     |
|-------------------------|----|---------------------|
| Mr. Bobby Collins       | -- | Executive Director  |
| Mrs. Shantell McFarland | -- | Executive Assistant |

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

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|   |         |
|---|---------|
| Mr. Paul K. Andoh, Sr., CPA, CGFM, CGMA, MBA- | Partner |
|---|---------|

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD**  
**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

---

To the Board of Commissioners  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

We have performed the procedures enumerated below, which were agreed to by **Housing Authority of the City of Winnfield (HACW)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUP) for the fiscal period October 1, 2016 through September 30, 2017. **HACW's** management is responsible for those compliance and control areas identified in the SAUP.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

The procedures and related findings to the SAUP are as follows:

**Written Policies and Procedures**

**1. Procedure**

We obtained HACW's written policies and procedures to determine whether the policies and procedures address each of the following financial/business functions, as applicable:

- a) Budgeting including preparing, adopting, monitoring, and amending the budget.

**Finding**

***HACW's adopted policy for budgets, revisions, and financial reporting addresses the referenced requirements.***

- b) Purchasing including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

**Finding**

***HACW's current procurement policy does not specifically address the use of purchase requisitions and/or purchase orders, and how vendors are added to the vendor list.***

- c) Disbursements including processing, reviewing, and approving.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Written Policies and Procedures, Continued**

Finding

***HACW has an adopted policy for its cash disbursement cycle.***

- d) Receipts including receiving, recording, and preparing deposits.

Finding

***HACW's adopted cash management policy does not specifically address its rent collection process, and depositing of cash collections.***

- e) Payroll/Personnel including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Finding

***HACW's written payroll procedure addresses payroll processing to include review and approval.***

- f) Contracting including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Finding

***HACW's procurement policy does not specifically address the types of services requiring written contracts.***

- g) Credit cards including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Written Policies and Procedures, Continued***

**Finding**

***HACW has an adopted credit card use policy.***

- h) Travel and expense reimbursement including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

**Finding**

***HACW has an adopted travel expense policy.***

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read HACW's ethics policy.

**Finding**

***HACW has an adopted Code of Ethics and Standard of Conduct policy for all employees and commissioners. The current policy does not dictate an annual attestation.***

- j) Debt service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Finding**

***Not applicable to HACW.***

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Board or Finance Committee**

**2. Procedure**

We obtained and reviewed Board minutes for the fiscal period to determine whether:

- a) the Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.

**Finding**

***HACW's board held meetings during the year ended September 30, 2017, whenever there was a quorum.***

- b) the Board minutes referenced or included monthly budget-to-actual comparisons on HACW's funds, and if the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**Finding**

***HACW does not have a general or special fund. However, we noted in the board minutes for meetings held during the year, references to HACW's budget to actual comparisons.***

- c) The minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Finding**

***HACW's minutes made available to us, included non-budgetary financial information in more than an instance for approved contracts, management reports, etc.***

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Bank Reconciliations**

**3. Procedure**

We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

Finding

*No exceptions noted.*

**4. Procedure**

From the listing provided by management, we selected HACW's only bank account and obtained bank statements and reconciliations for all months in the fiscal period to determine whether:

- a) Bank reconciliations have been prepared;

Finding

*No exceptions noted.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

Finding

*No exceptions noted.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Finding

*No exceptions noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

Cash Collections

**5. Procedure**

We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Finding

*No exceptions noted.*

**6. Procedure**

From the listing provided by management, we selected HACW's only cash collection location and:

- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) to determine whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Finding

*As a result of our review, we noted the following:*

- 1) *HACW maintains a crime policy.*
- 2) *HACW has an approved cash management policy. However, we noted no specific written policy and/or procedure regarding the rent collection process, and depositing of cash collection. (HACW has two (2) employees in addition to the executive director in its administrative offices). Rent collections and deposits are performed by one (1) individual. Nevertheless, the daily collections are reconciled by the Executive Assistant to include receipt sequence and recorded in the general ledger by the fee accountant. Further, the fee accountant prepares the monthly bank account reconciliations for approval by the Executive Director.*
- 3) *HACW does not use a cash register or drawer with its rent collection activities.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Cash Collections, Continued**

- b) Obtained existing written documentation (e.g. sequentially numbered receipts system report, reconciliation worksheets, policy) to determine whether HACW has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Finding**

***Cash collections by practice, are reconciled monthly by HACW's Executive Assistant. The information is used by the fee accountant to record revenues from tenants rent collection in HACW's general ledger.***

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - 1) Using HACW's collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement to determine whether the deposits were made within one day of collection.

**Finding**

***For our highest cash collection week starting on November 1, 2016, we noted that all cash collections were deposited within one (1) day upon receipt.***

- 2) Using sequentially numbered receipts system reports, or other related collection documentation, verify that the daily cash collections are completely supported by documentation and report any exceptions.

**Finding**

***For the referenced collection test week, we noted the use of sequentially numbered receipts to include reconciliation to validated deposit slips, bank statement and finally to the general ledger without exception.***

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Cash Collections, Continued*

**7. Procedure**

We obtained existing written documentation (e.g. policy manual, written procedure) to determine whether HACW has a process specifically defined (identified as such by HACW) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Finding

*HACW's fee accountant is currently contracted to perform monthly reconciliations and analysis to ensure completeness in recorded revenues. No transfers are undertaken as HACW maintains one (1) bank account.*

*Disbursements – General (excluding credit card purchases or payments)*

**8. Procedure**

We obtained HACW's check register for the year ended September 30, 2017. We obtained management's representation that its check register population was complete.

Finding

*No exceptions noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Disbursements - General (excluding credit card purchases or payments), Continued***

**9. Procedure**

Using the disbursement population from #8, we randomly selected 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction to determine whether:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**Finding**

***HACW's current procurement policy does not include the use of a formal requisition or purchase order system. However, purchases of maintenance materials by practice, are through the use of purchase orders.***

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**Finding**

***HACW's current procurement policy does not include the use of a formal requisition or purchase order system. However, purchases of maintenance materials are through the use of purchase orders.***

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

**Finding**

***For twenty-five (25) disbursements tested, we noted that all payments were authorized by the Executive Director through an invoice quote and/or contract. For other services such as utilities, telephone service, etc. the invoice from the vendor bore evidence of approval. We noted no evidence to acknowledge receipt of purchased goods.***

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Disbursements – General (excluding credit card purchases or payments), Continued*

**10. Procedure**

We reviewed HACW's documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the person responsible for processing payments is prohibited from adding vendors to HACW's purchasing/disbursement system.

Finding

*HACW's does not have a formal written policy and/or procedure which dictates the person responsible to adding new vendors. By practice, the Executive Assistant who is charged with bill payment is also charged with that responsibility based on approved quote, invoice and/or a contract by the Executive Director.*

**11. Procedure**

We reviewed HACW's documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the persons with signatory authority or who makes the final authorization for disbursements have no responsibility for initiating or recording purchases.

Finding

*HACW's authorized signers (Executive Director and selected Board members) have no responsibility for initiating or recording purchases.*

**12. Procedure**

We inquired of management and observed the supply of unused checks to determine whether unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority.

Finding

*No exceptions noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Disbursements – General (excluding credit card purchases or payments), Continued*

**13. Procedure**

We inquired of the individual with a signature stamp whether his or her signature is maintained under his or her control or is used only with his or her knowledge and consent. We also inquired whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Finding

*HACW's does not use a signature stamp. All checks are manually signed by two individuals.*

*Credit Cards*

**14. Procedure**

We obtained from management a listing of all active credit cards, including the card numbers and the names of the persons who maintained possession of the cards and we obtained management's representation that the listing is complete.

Finding

*No exceptions noted.*

**15. Procedure**

Using the listing prepared by management, we selected the only two (2) credit cards maintained and used during the fiscal period, and obtained the monthly statements. We selected the monthly statement with the largest dollar activity for the card to determine whether:

- a) there is evidence that the monthly statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Credit Cards, Continued*

Finding

*No exceptions noted.*

- b) finance charges and/or late fees were assessed on the selected statements.

Finding

*We noted that late fees assessed were reversed. However, HACW was assessed a finance charged based on the daily average balance outstanding through date of payment.*

**16. Procedure**

Using the monthly statements selected under #15 above, we obtained supporting documentation for all transactions for the selected card.

- a) We reviewed each transaction to determine whether the transaction is supported by:
  - 1) An original itemized receipt (i.e., identifies precisely what was purchased)

Finding

*We noted that HACW does not maintain on a consistent basis, original receipts other than the credit card statements for purchases made.*

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Finding

*While the credit card statements bore no evidence of a business purpose, it was evident from the statements based on items purchased (office supplies, etc.).*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Credit Cards, Continued**

- 3) Other documentation that may be required by written policy (e.g. purchase order, written authorization).

**Finding**

***Not applicable.***

- b) For each transaction, we reviewed the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) for compliance with **HACW's** written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes).

**Finding**

***Purchases were in compliance with HACW's procurement policy.***

- c) For each transaction, we compared **HACW's** documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

**Finding**

***No exceptions noted.***

**Travel and Expense Reimbursement**

**17. Procedure**

We obtained the check register for the year ended September 30, 2017 and filtered for travel reimbursements. We obtained management's representation that the check register population is complete.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Travel and Expense Reimbursement, Continued*

Finding

*No exceptions noted.*

**18. Procedure**

We obtained HACW's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) to determine whether there are any amounts that exceed GSA rates.

Finding

*No exceptions noted.*

**19. Procedure**

Using the preceding transactions from #17, we selected the only individual who incurred travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of the selected person, including the supporting documentation, and chose the largest travel expense for the selected person to review in detail. For the travel expense selected:

- a) We compared expense documentation to written policies to determine whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging).

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Travel and Expense Reimbursement, Continued***

**Finding**

***No exceptions noted.***

b) We determined whether each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased.

**Finding**

***Original invoices were submitted to support payment for training and related travel mileage.***

- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

**Finding**

***No exceptions noted.***

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

**Finding**

***Not applicable.***

- c) We compared HACW's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value.

**Finding**

***No exceptions noted.***

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Travel and Expense Reimbursement, Continued**

**Procedure, Continued**

- d) We determined whether each expense and related documentation were reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Finding**

*No exceptions noted.*

**Contracts**

**20. Procedure**

We obtained a listing of all contracts in effect during the fiscal period and obtained the check register for the year ended September 30, 2017 and filtered for contract payments. We obtained management's representation that the check register population is complete.

**Finding**

*No exceptions noted.*

**21. Procedure**

Using the listing above, we selected five (5) contract vendors that were paid the most money during the fiscal period, and excluding purchases on state contract and payments to the practitioner. We obtained the related contracts and paid invoices and:

- a) We determined whether there is a formal/written contract that supports the services arrangement and the amount paid.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Contracts, Continued**

**Finding**

***No exceptions noted.***

b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code to determine whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, we obtained and compared supporting contract documentation to legal requirements to determine whether HACW complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

**Finding**

***Selected quotes for professional services and contracts were reviewed for compliance with HACW's procurement policy.***

- 2) If no, we obtained supporting contract documentation to determine whether HACW solicited quotes as a best practice.

**Finding**

***None of the reviewed contracts were subject to the dollar threshold for the Louisiana Public Bid Law or Procurement Code.***

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Contracts, Continued***

- c) We determined whether the contract was amended, and if so, we determined whether the original contract terms contemplated or provided for such an amendment.

***Finding***

***None of the contracts tested had amendments.***

- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, and compared the invoice to the contract terms, to determine whether the invoice and related payment complied with the terms and conditions of the contract.

***Finding***

***No exceptions noted.***

- e) We obtained and reviewed contract documentation and board minutes to determine whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

***Finding***

***Executed contracts reviewed were subject to and received board approval.***

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**Payroll and Personnel**

**22. Procedure**

We obtained a listing of employees with their related salaries. We randomly selected five (5) employees, obtained their personnel files, and:

- a) Reviewed compensation paid to each employee during the fiscal period to determine whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Finding

*No exceptions noted.*

- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period to determine whether those changes were approved in writing and in accordance with written policy.

Finding

*No exceptions noted.*

**23. Procedure**

We obtained attendance and leave records and randomly selected one pay period in which leave was taken by at least one employee. Within that pay period, we randomly selected all five (5) employees on payroll to determine whether:

- a) all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Payroll and Personnel, Continued***

Finding

*We noted time and attendance to include leave use except for the Executive Director who by practice does not submit a timesheet. It is our understanding that the Executive Director is contracted on a 24-hour call basis.*

- b) there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

Finding

*No exceptions noted.*

- c) there is written documentation that **HACW** maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.

Finding

*No exceptions noted.*

**24. Procedure**

We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. We selected the only termination payment (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the employee. We reviewed the termination payment to determine whether they was made in strict accordance with policy and/or contract and approved by management.

Finding

*No exceptions noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Payroll and Personnel, Continued***

**25. Procedure**

We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period to determine whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Finding

*For the employee retirement payments made during the year ended September 30, 2017, we noted in ten (10) of twelve (12) instances, where the payments were made outside of the due date.*

*Payroll tax deposits during the year ended September 30, 2017, were made on or before the due date in all payments made.*

**Ethics**

**26. Procedure**

Using the five (5) randomly selected employees from procedure #22 under "Payroll and Personnel" caption, we obtained ethics compliance documentation from management to determine whether HACW maintained documentation to demonstrate that required ethics training was completed. We also reviewed the employee files for the employees selected to determine whether there was a signed verification of having read the ethics policy included in the file.

Finding

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Ethics, Continued***

**27. Procedure**

We inquired of management whether any alleged ethics violations were reported to **HACW** during the fiscal period and, if applicable, reviewed documentation demonstrating that management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with **HACW's** ethics policy.

Finding

*No alleged ethics violations were reported to HACW during the fiscal period.*

***Debt Service***

**28. Procedure**

If debt was issued during the fiscal period, we obtained supporting documentation from **HACW** to determine whether State Bond Commission approval was obtained.

Finding

*Not applicable.*

**29. Procedure**

If **HACW** had outstanding debt during the fiscal period, we obtained supporting documentation from **HACW** and report whether **HACW** made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Finding

*Not applicable.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

*Debt Service, Continued*

**30. Procedure**

If HACW had tax millages relating to debt service, we obtained supporting documentation to determine whether millage collections exceeded debt service payments by more than 10% during the fiscal period.

Finding

*Not applicable.*

**Other**

**31. Procedure**

We inquired of management whether HACW had any misappropriations of public funds or assets. If so, we obtained and reviewed supporting documentation to determine whether HACW reported the misappropriation to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

Finding

*No misappropriations of public funds or assets were reported.*

**32. Procedure**

We observed HACW's premises and website to determine whether HACW posted the notice required by R.S. 24:523.1.

Finding

*No exceptions were noted.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

Other, Continued

33. Procedure

If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Finding

*No exceptions were noted.*

\*\*\*\*\*

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions, respectively, on those compliance and control areas identified in the SAUP. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those compliance and control areas identified in the SAUP, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report 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.

*Bruno & Tervalon LLP*

BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
New Orleans, Louisiana

March 26, 2018



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

## **INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL**

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Mr. Bobby Collins, Executive Director  
**Housing Authority of the City of Winnfield**  
Winnfield, Louisiana

In planning and performing our audit of the financial statements of **Housing Authority of the City of Winnfield (HACW)**, as of and for the year ended September 30, 2017 in accordance with auditing standards generally accepted in the United States of America, we considered **HACW's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **HACW's** internal control. Accordingly, we do not express an opinion on the effectiveness of **HACW's** internal control.

As a part of our audit, we noted certain matters that present opportunity for strengthening internal control and improving operating efficiency. Also, we reviewed the status of prior year's other matters. This letter does not affect our report dated March 26, 2018 on **HACW's** internal control over financial reporting or its financial statements.

We will review the status of these other matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Current Year's Other Matters Related to Internal Control*

2017

The following summarizes our report on other matters related to internal control:

**Reference Number**

OM 2017-001

**Criteria**

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, and reliability of financial reporting.

**Condition**

HACW does not have a formal policy to ensure the periodic review and update of existing policies in all key operating cycles. Furthermore, certain operational areas such as rent collection, and to include job descriptions, etc. lack written procedures to provide adequate guidance to personnel.

**Cause**

No formal establish policy to ensure the periodic update of exiting policies and procedures.

**Effect or Potential Effect**

Potential for the application of inconsistent and/or outdated practices.

**Recommendation**

Management should cause for the establishment of a policy for board approval to facilitate the timely and periodic development, review, where applicable, update, and revise policies and procedures.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**

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(CONTINUED)

*Current Year's Other Matters Related to Internal Control, Continued*

2017

**Reference Number, Continued**

OM 2017-001

**Management's Response**

Management will develop for board action, a policy statement to address the periodic review and update of existing policy. Anticipated completion date is June 30, 2018.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Current Year's Other Matters Related to Internal Control, Continued*

2017

**Reference Number**

OM 2017-002

**Criteria**

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, and reliability of financial reporting.

**Condition**

Considering the size of **HACW**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **HACW's** assets. The internal financial transactions processing for **HACW** is performed primarily by its Executive Assistant.

Further, the Executive Assistant has responsibility during employee absence for rent collection and deposit because **HACW** has only two (2) employees outside of the Executive Director in operations.

**HACW** currently uses the services of a certified public accountant to prepare its internal financial statements and other reports for submission to management and its funding source.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

This condition is similar to a prior year other matter condition described as reference number OM 2015-002.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Current Year's Other Matters Related to Internal Control, Continued*

2017

**Reference Number, Continued**

OM 2017-002

**Cause**

Size of personnel and organization to include the level of funding.

**Effect or Potential Effect**

Potential for misappropriation of assets.

**Recommendation**

We recommend that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Such a process should include the continued implementation of offsetting control structures, processes and procedures to mitigate the potential risks associated with the size of HACW.

**Management's Response**

The Board has and continues to enhance its oversight to include the review of monthly financial statements.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Prior Year's Other Matter Related to Internal Control*

2016

The following summarizes our report on prior year other matter related to internal control:

**Reference Number**

OM 2016-001

**Criteria**

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, and reliability of financial reporting.

**Condition**

At September 30, 2016, the financial statements include accounts payable of \$14,149 for which management was unable to provide a detail for the performance of audit work.

**Cause**

Lack of an establish procedure to ensure the continues maintenance of accounts payable detail for completeness and validity.

**Effect or Potential Effect**

Potential for misstatement of prepared financial statements.

**Recommendation**

Management should as a part of its monthly accounting process maintain a continuous and complete detail analysis of accounts payable.

**Current Status**

Partially resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**

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(CONTINUED)

HACW's response to other matters identified in our audit is described in the accompanying report under the caption "Management Response and Planned Corrective Action" or "Current Status". We did not audit HACW's response and, accordingly, we express no opinion on it.

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

March 26, 2018