

HOUSING AUTHORITY OF BROUSSARD
REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED MARCH 31, 2002

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

Release Date 9/25/02

Mike Estes, P.C.
A Professional Accounting Corporation

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1 - 2
<u>General Purpose Financial Statements</u>		
Combined Balance Sheet - Enterprise Fund	A	3
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Enterprise Fund	B	4
Combined Statement of Cash Flows - Enterprise Fund	C	5
Notes to the General-Purpose Financial Statements	D	6 - 12
Index		6
Notes to Financial Statements		7 - 12
<u>Supplementary Information</u>		
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		13 - 14
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards		15 - 16
Schedule of Expenditures of Federal Awards		17
Notes to the Schedules of Expenditures of Federal Awards		18
Schedule of Findings and Questioned Costs		19 - 20
Schedule of Audit Journal Entries		21

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Independent Auditor's Report

Board of Commissioners
Housing Authority of Broussard
Broussard, Louisiana

Regional Inspector General for Audit
Office of Inspector General
Department of Housing and Urban
Development

We have audited the accompanying general-purpose combined financial statements of the Housing Authority of Broussard, Louisiana at and for the year ended March 31, 2002, as listed in the table of contents. These general-purpose combined financial statements are the responsibility of the Housing Authority of Broussard, Louisiana's management. Our responsibility is to express an opinion on these general-purpose combined financial statements based on our audit.

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

In our opinion, the general-purpose combined financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Broussard, Louisiana as of March 31, 2002, the results of its operations, changes in its total net assets and statement of cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 6, 2002 on our consideration of Housing Authority of Broussard's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part on an audit performed 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* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined general-purpose financial statements of the Housing Authority of Broussard, Louisiana taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the accompanying financial statements. Such information has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying Financial Data Schedules required by HUD are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Mike Estes, P.C.
Fort Worth, Texas
September 6, 2002

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
 ENTERPRISE FUNDS
 COMBINED BALANCE SHEET
 YEAR ENDED MARCH 31, 2002

ASSETS

Current assets

Cash and cash equivalents	\$	47,872
Investments		10,749
Prepaid items and other assets		2,599
Inventory		166

Total Current Assets		61,386
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TOTAL ASSETS	\$	61,386
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LIABILITIES AND FUND EQUITY

Current Liabilities

Accounts payable	\$	35,007
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Total Current Liabilities		35,007
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Total Liabilities		35,007
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Fund Equity

Retained earnings:

Unreserved		26,379
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Total Fund Equity		26,379
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TOTAL LIABILITIES AND FUND EQUITY	\$	61,386
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The Notes to the Financial Statements are an integral part of these statements.

EXHIBIT B

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - ENTERPRISE FUNDS

YEAR ENDED MARCH 31, 2002

OPERATING REVENUES	
Other	\$ 723
Total revenues	723
OPERATING EXPENSES	
Administration	133,442
Ordinary maintenance & operations	1,000
General expenses	3,642
Housing assistance payments	763,064
Total operating expenses	901,148
Income (loss) from Operations	(900,425)
Non operating revenues (expenses)	
Interest earnings	1,668
Federal grants	900,890
Total Non-operating revenues (expenses)	902,558
NET INCOME (LOSS)	2,133
Increase in retained earnings	2,133
RETAINED EARNINGS AT BEGINNING OF YEAR, AS ORIGINALLY STATED	22,968
Prior period adjustment	1,278
RETAINED EARNINGS AT BEGINNING OF YEAR, AS RESTATED	24,246
RETAINED EARNINGS AT END OF YEAR	\$ 26,379

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

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

YEAR ENDED MARCH 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (900,425)
Changes in operating current assets and liabilities:	
Increase in prepaid items and other assets	(782)
Increase in inventory	(18)
Increase in accounts payables	5,859
Decrease in deferred revenue	(52,665)
NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	(948,031)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal grants	900,890
CASH FLOWS FROM INVESTING ACTIVITIES:	
Decrease in investments	4,845
Interest earnings	1,668
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	6,513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,628)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	88,500
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 47,872

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

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002

INDEX

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7
A. BASIS OF PRESENTATION.....	7
B. REPORTING ENTITIES.....	7
C. FUNDS.....	8
D. BUDGETS	8
General Budget Policies.....	8
E. CASH AND CASH EQUIVALENTS	9
F. INVESTMENTS	9
G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES.....	10
H. INVENTORY AND PREPAID ITEMS	10
I. FIXED ASSETS.....	10
J. COMPENSATED ABSENCES.....	10
K. FUND EQUITY	10
L. DEFERRED REVENUES	10
M. USE OF ESTIMATES	11
NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS.....	11
NOTE 3 – FIXED ASSETS.....	11
NOTE 4 – RETIREMENT SYSTEM.....	11
NOTE 5 – ACCOUNTS PAYABLE	11
NOTE 6 – COMPENSATED ABSENCES	12
NOTE 7 – COMMITMENTS AND CONTINGENCIES	12
NOTE 8 – PRIOR PERIOD ADJUSTMENT.....	12

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying general-purpose financial statements of the Housing Authority of the City of Broussard have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. BASIS OF PRESENTATION Housing Authorities are chartered as a public corporation under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member board of Commissioners. The members, appointed by the Honorable Mayor of the City of Broussard, serve staggered multi-year terms.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-rent character.

The Housing Authority had 531 units in Section 8 management March 31, 2002. On January 1, 2002, the PHA began administration of 316 Housing Choice Vouchers previously administered by the Vermillion Parish Authority. This 316 is included in the 531 total.

B. REPORTING ENTITY GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The Housing Authority is a related organization of the City of Broussard since the City of Broussard appoints a voting majority of the Housing Authority's governing board. The City of Broussard is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Broussard. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Broussard.

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the Housing Authority to impose its will on that organization's body, and:
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Housing Authority.
2. Organizations for which the Housing Authority does not appoint a voting majority but are fiscally dependent on the Housing authority.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

C. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator.

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus for all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGETS

General Budget Policies The following summarizes the budget activities of the Housing Authority during the year ended March 31, 2002:

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002

The Housing Authority adopted budgets for all HUD-funded programs. The budget is controlled by fund at the function level. All appropriations lapse at year end. Budgets are prepared on the modified accrual basis of accounting.

The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

E. CASH AND CASH EQUIVALENTS Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in *demand deposits, interest-bearing demand deposits, money market* accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Housing Authority may invest in United States bonds, treasure notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are state at the lower of market or cost.

F. INVESTMENTS Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider markets rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with *financial institutions* (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. INVENTORY AND PREPAID ITEMS All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the purchase method. At year-end the amount of inventory is recorded for external financial reporting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

I. FIXED ASSETS Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Interest costs during construction have not been capitalized. Straight-line depreciation is used based on the following estimated useful lives:

Furniture and fixtures	3 to 7 years
Computers	3 years

J. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred 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.

K. FUND EQUITY Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

L. DEFERRED REVENUES The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002

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

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS At March 31, 2002 the Housing Authority has Cash equivalents, and investments totaling \$58,621 as follows:

Demand deposits	\$	15,449
Time deposits		43,172
Total	\$	58,621
Cash and cash equivalents	\$	47,872
Investments		10,749
Total	\$	58,621

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At March 31, 2002, the Housing Authority's carrying amount of deposits was \$58,621 and the bank balance was \$63,584. Of the bank balance, \$63,584 was covered by federal depository insurance (GASB Category 1).

Investments during the year were solely in time deposits at banks.

NOTE 3 – FIXED ASSETS The capitalization limit is \$5,000. Since the PHA is Section 8 only, fixed assets are negligible.

NOTE 4 – RETIREMENT SYSTEM The Housing Authority does not have a retirement plan.

NOTE 5 – ACCOUNTS PAYABLE The payables of \$35,007 at March 31, 2002, are as follows:

Trade payables	\$	1,392
Payroll withholdings		3,244
Federal grants		30,371
	\$	35,007

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002

NOTE 6 – COMPENSATED ABSENCES At March 31, 2002, employees of the Housing Authority have accumulated and vested no employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 7 – COMMITMENTS AND CONTINGENCIES The Housing Authority participates in a number of federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act Amendments of 1996. These programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 8 – PRIOR PERIOD ADJUSTMENT This consists of adjustment to administration fees earned in the prior year.

\$ 1,278
\$ 1,278

SUPPLEMENTARY INFORMATION

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

Housing Authority of Broussard
Broussard, Louisiana

We have audited the compliance of the Housing Authority of Broussard, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2002. The Housing Authority of Broussard, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Broussard, Louisiana's Management. Our responsibility is to express an opinion on the Housing Authority of Broussard, Louisiana's compliance based on our audit.

We conducted our audit of compliance 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Broussard, Louisiana's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of Broussard, Louisiana's compliance with those requirements.

In our opinion, the Housing Authority of Broussard, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2002. However, the results of our auditing procedures disclosed two instances of non compliance that are required to be reported in accordance with OMB Circular No. A-133 and which are described in the schedule of Audit Findings.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect Grant Parish Housing Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule as Audit Finding #1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we did not consider any to be material weaknesses.

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

Mike Estes, P.C.
Fort Worth, Texas
September 6, 2002

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

Housing Authority of Broussard
Broussard, Louisiana

We have audited the financial statements of the Housing Authority of Broussard, Louisiana as of and for the year ended March 31, 2002, and have issued our report thereon dated September 6, 2002. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of Broussard, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing a opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of Broussard, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the PHAs ability to record, process, summarize, and report financial data consistent with the assertions of management in the

financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Audit Finding #1.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

This report is a matter of public record and its distribution is not limited.

Mike Estes, P. C.
Fort Worth, Texas
September 6, 2002

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
STATEMENT OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2002

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	GRANT ID #	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:			
Section 8 HAP - Vouchers	14.855		816,370
Major Program Total			<u>816,370</u>
Section 8 HAP – Certificates	14.857		84,520
Major Program Total			<u>84,520</u>
Total HUD			<u><u>900,890</u></u>

Total Expenditures of Federal Awards

**HOUSING AUTHORITY OF THE CITY OF BROUSSARD
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED MARCH 31, 2002

NOTE 1 – GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of Broussard, Louisiana (the “Housing Authority”). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority’s general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority’s general-purpose financial statements.

NOTE 3 – RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority’s general-purpose financial statements as follows:

		Federal Sources
Enterprise funds:		
Section 8 Vouchers	\$	816,370
Section 8 Existing		84,520
Total	\$	900,890

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 5 – MAJOR FEDERAL AWARDS PROGRAMS The dollar threshold of \$300,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, “federal awards” do not include Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of Housing Authority bonds or for Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit Act “federal awards expended” threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be “expended” during the fiscal year.

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

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2002

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There was one reportable condition required to be disclosed *by Government Auditing Standards* issued by the Comptroller General of the United States. It is the first audit finding.
- iii. There was no instance of noncompliance considered material, as defined by the *Government Auditing Standards* to the financial statements.

Audit of Federal Awards

- iv. There was one reportable condition required to be disclosed by OMB Circular No. A-133. It is the first audit finding.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed two audit findings which the auditor is required to report under OMB Circular No. A-133, Section .520(a).
- vii. The major federal programs are:

CFDA# 14.855	Section 8 IIAP Voucher
CFDA# 14.857	Section 8 Rental Certificate Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was 300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2002

Prior Audit Findings and Questioned Costs

During the prior audit year, the PHA periodically had deposits in excess of \$100,000 in one bank. Bank collateral was not pledged on the excess deposits. The PHA obtained adequate collateral shortly after the prior year audit finding. This finding is cleared.

Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133, Section .510(a):

Current Audit Findings

Section 8

Finding 02-01, Administrative Fees are Incorrectly Calculated

Statement of Condition

For 8 of the 12 months, the total number of units leased was miscalculated. Total Actual Units Months Leased UML is 3,251 – 3,356 was reported.

Criteria

The number of units leased must be correctly calculated to arrive at the annual administrative fee earned.

Effect

The recorded earned administrative fee is overstated. Also the actual lease rate was 96.8%. The reported rate was 100.51%.

Cause

There was miscommunication between the Executive Director and the fee accountant, who assisted in preparation of the lease-up schedule.

Recommendation

Two persons at the PHA should agree to this monthly leased total. This total should be conveyed in writing to the fee accountant. We will also send an audit report copy directly to the HUD-New Orleans Financial Analyst.

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

HOUSING AUTHORITY OF THE CITY OF BROUSSARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2002

Corrective Action 02-01

I am Kathy Prejean, Executive Director and designated person to answer these findings. I will carefully review this calculation in the future.

Section 8

Finding 02-2 – Income Targeting Not Met

Statement of Condition

21 of 30 new admissions had incomes over the 30% target. This percentage is 70% less than the required 75%.

Criteria

Section 513, Income Targeting, of the Quality Housing and Work Responsibility Act (QHWRA) of 1998 states that, “Of the families initially provided tenant-based assistance under section 8 by a public housing authority in any fiscal year, not less than 75% shall be families whose incomes do not exceed 30 percent of the area median income...”

Effect

Non-compliance with QHWRA

Cause

The PHA was evidently unaware, or forgot, the tracking requirement.

Recommendation

I left a waiting list for the PHA’s use that denotes the income range of the applicant. Also, I informed the Executive Director that she can check her percentage by reviewing the New Admissions Report on the MTCS.

Corrective Action 02-2

I will comply with the above.

HOUSING AUTHORITY OF BROUSSARD
SCHEDULE OF AUDIT JOURNAL ENTRIES

YEAR ENDED MARCH 31, 2002

	ACCT. # FOR AUDIT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
<u>Voucher</u>				
1	HUD Operating Grants	706	10,868.00	
	Housing Assistance Payments	973	10,868.00	
To adjust to HUD approved settlement statement				
<u>Certificate</u>				
1	HUD Operating Grant	706	10,507.00	
	Housing Assistance Payments	973	10,507.00	
To adjust to HUD-approved settlement statement				
<u>Housing Choice Voucher</u>				
1	Prior period adjustment	1104	361.00	
	Accounts payable – HUD	331	361.00	
To adjust payable to HUD – approved settlement statement				
2	Cash	111	32,424.00	
	Investments	131	32,424.00	
To reclass time deposits with a maturity of less than 90 days.				