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**THE HOUSING AUTHORITY OF THE CITY OF  
WESTWEGO, LA**

**INDEPENDENT AUDITOR'S REPORT AND  
REPORTS ON FEDERAL AWARDS, INTERNAL  
CONTROL AND COMPLIANCE**

**For the Year Ended June 30, 2003**

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 4-21-04

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## MANAGEMENT'S DISCUSSIONS AND ANALYSIS

Our discussion and analysis of the Housing Authority of the City of Westwego's financial performance provides an overview of the Authority's financial activities for the fiscal year ended on June 30, 2003. Please read it in conjunction with the Authority's financial statements which begins on page 6.

### FINANCIAL HIGHLIGHTS

- The Authority's net assets increased by 5.50% as a result of this year's operations.
- During the year, the Authority had operating and non-operating revenues that were \$373,162 more than the \$1,027,124 in operating expenses. This compares to last year when revenues exceeded expenses by \$270,000.
- Total cost of all of the Authority's programs increased by \$ 145,863 or 13.79% over the FYE June 30, 2003.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statements of Net Assets and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's Finances.

#### Reporting the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statements of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the authority's net assets and changes in them. You can think of the Authority's net assets-the difference between assets and liabilities-as one way to measure the Authority's financial health, or *financial position*. Over time, *increases or decreases* in the Authority's net assets are one indicator of whether its *financial health* is improving or deteriorating.

#### Proprietary Funds

The Housing authority of the City of Westwego, La (the Housing Authority) was created pursuant to the adoption of the United States Housing Act of 1973 to engage in the acquisition development, and administration of a low income housing program to provide safe, sanitary, and affordable housing to the citizens of Westwego, Louisiana.

### **The Housing Authority's Funds**

The Housing Authority only has one fund which is reported as a Proprietary Fund. The net assets of this fund increased by \$ 373,162 during the fiscal year ending June 30,2003.

### **Budgetary Highlights**

The Housing Authority's adopts an operating budget that serves a management tool. For the fiscal year ended June 30, 2003 the operating budget remained as originally adopted and was not amended.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2003 the Housing Authority had \$10,060,564 invested in Land, Buildings, Equipment & Furniture. This amount represents a net increase (including additions and deletions) of \$ 504,540 or 5.3 percent, over last year.

	FYE 6/30/03	FYE 6/30/02
Land	\$ 2,264,014	\$ 2,264,014
Buildings	7,406,632	6,921,854
Equipment & Furniture	<u>389,918</u>	<u>370,156</u>
Total	<u>\$ 10,060,564</u>	<u>\$ 9,556,024</u>

### **Debt**

The Housing Authority's has not long term debt as of June 30, 2003.

### **Economic Factors and Next Year's Budget**

The Housing Authority's appointed officials considered many factors when setting the fiscal year June 30, 2003 budget. The Board's understanding of the Federal Agency's requirements influences the setting of capital projects. Rental rates charged to tenants are set by Federal guidelines and therefore cannot be adjusted to maximize revenues. Salaries were adjusted using guidelines for Civil Service employees and merit increases for non-classified employees (the Executive Director and Assistant Director). The budget for fiscal year 2004 is planned to result in a healthy balance in undesignated net assets.

## **CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director at the Housing Authority of the City of Westwego, 1010 Sixth St., Westwego, LA 70094.

## THE HOUSING AUTHORITY AS A WHOLE-CONTINUED

- Proprietary Funds-These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

The Housing Authority's *combined* net assets increased by \$373,162 from a year ago.

	Net Assets	
	FYE 6/30/03	FYE 6/30/02
Current and other assets	\$ 673,127	\$ 603,053
Capital assets	<u>6,624,697</u>	<u>6,335,755</u>
Total Assets	7,317,824	6,938,808
Current liabilities	<u>165,235</u>	<u>159,381</u>
	<u>\$ 7,152,589</u>	<u>\$ 6,779,427</u>
Net assets:		
Invested in capital assets	\$ 6,624,697	\$ 6,335,755
Restricted	20,431	60,999
Unrestricted	<u>507,461</u>	<u>382,673</u>
Total net assets	<u>\$ 7,152,589</u>	<u>\$ 6,779,427</u>
	Changes in Net Assets	
	FYE 6/30/03	FYE 6/30/02
Operating Revenues	\$ 615,611	\$ 596,195
Operating Expenses	<u>1,203,124</u>	<u>1,057,261</u>
Operating Loss	(587,513)	(461,066)
Non Operating Revenues & Expenses	<u>960,675</u>	<u>730,805</u>
Increase in Net Assets	<u>\$ 373,162</u>	<u>\$ 269,739</u>

### Business-type Activities

The Housing Authority's total revenues (excluding special items) increased by 18.79 percent (\$249,286). The total costs of all programs and services increased by \$145,863 or 13.79 percent with no new programs added this year. Operating revenues increased by \$19,416 and revenues from the U.S. Department of Housing and Urban Development increased by \$ 229,870.



**EILEEN  
SHANKLIN  
ANDRUS**  
CERTIFIED  
PUBLIC  
ACCOUNTANT  
A LIMITED LIABILITY  
COMPANY

Member of the  
American Institute  
of Certified Public  
Accountants

Member of the  
Louisiana Society  
of Certified Public  
Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The Housing Authority of the City of Westwego, LA, Inc.  
1010 Sixth St.  
Westwego, LA 70094

I have audited the accompanying financial statements of the Housing Authority of the City of Westwego; LA (a proprietary governmental fund) (the Housing Authority) as of and for the year ended June 30, 2003 as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Westwego, LA as of June 30, 2003 and results of its operations and the cash flows of its proprietary fund in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 15, 2003 consideration of the Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit

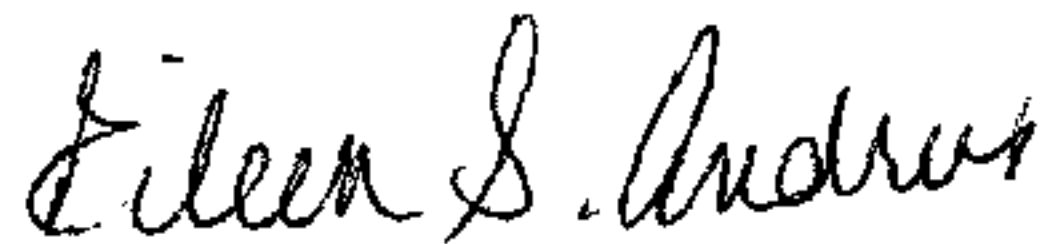


Mrs. Eileen Andrus  
1632 English Colony Dr  
LA Place, LA 70068

EMAIL:  
rsacpa@aol.com



My audit was performed for the purpose of forming an opinion on the financial statements of the Housing Authority taken as a whole. The accompanying management discussion and analysis, schedule of expenditures of federal awards and other supplementary information is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the U.S. Department of Housing and Urban Development, and is not a required part of the financial statements of the Housing Authority of the City of Westwego, LA. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



EILEEN SHANKLIN ANDRUS  
CERTIFIED PUBLIC ACCOUNTANT  
A LIMITED LIABILITY COMPANY

October 15, 2003

THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA

STATEMENT OF NET ASSETS

JUNE 30, 2003

	<u>ASSETS</u>
<b>Current Assets</b>	
Cash - Unrestricted	\$ 231,556
Cash - Restricted	41,115
Investment-Certificate of Deposit	290,407
Accounts Receivable	3,507
Grant Receivable	60,996
Prepaid Insurance	57,441
Inventories	<u>8,105</u>
Total Current Assets	<u>693,127</u>
<b>Fixed Assets</b>	
Land	2,264,014
Buildings	7,406,632
Equipment & Furniture	<u>389,918</u>
Total Fixed Assets	10,060,564
Accumulated Depreciation	<u>(3,435,867)</u>
Total Fixed Assets, Net	<u>6,624,697</u>
Total Assets	\$ <u>7,317,824</u>
<u>LIABILITIES AND NET ASSETS</u>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 73,155
Accrued Compensated Absences	23,045
Deferred Revenue	20,431
Accrued Liabilities	<u>48,604</u>
Total Current Liabilities	<u>165,235</u>
Total Liabilities	<u>165,235</u>
<b>Net Assets</b>	
Invested in Capital Assets, net of related debt	6,624,697
Restricted for Capital Projects	41,115
Undesignated Net Assets	<u>486,777</u>
Total Retained Earnings	<u>7,152,589</u>
Total Liabilities & Net Assets	\$ <u>7,317,824</u>

See Accompanying Notes.



THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2003

Operating Revenues	
Net Tenant Rental Revenue	\$ <u>615,611</u>
Total Operating Revenues	<u>615,611</u>
Operating Expenses	
Administrative Salaries	114,519
Employee Benefit - Administrative	25,189
Other Operating Expense -	
Administrative	223,077
Contract Cost	8,000
Water	33,052
Electricity	30,080
Gas	112,822
Other Utility Expense	72,847
Ordinary Maintenance - Labor	126,947
Ordinary Maintenance - Material	48,220
Ordinary Maintenance - Employee	
Benefit	27,923
Ordinary Maintenance - Contract	
Cost	38,494
Insurance Expense	94,883
Tax Expense	15,222
Bad Debt- Tenant Rent	5,337
Depreciation Expense	<u>226,512</u>
Total Operating Expenses	<u>1,203,124</u>
Operating Income ( Loss)	<u>(587,513)</u>
Non-Operating Revenues and Expenses	
Revenue- Department of Housing	
and Neighborhood Development	933,477
Other Income	19,242
Interest	<u>7,956</u>
Total Non-Operating Revenue	
and Expenses	<u>960,675</u>
Net Income (Loss)	<u>373,162</u>
Beginning Net Assets	<u>6,779,427</u>
Ending Net Assets	\$ <u><u>7,152,589</u></u>

See Accompanying Notes.

THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA

STATEMENT OF CASH FLOWS

JUNE 30, 2003

Cash Flows from Operating Activities:	\$	373,162
Increases in Net Income		
Add: Depreciation Expense		226,512
Adjustment to income:		
(Increase) Decrease in Net Income:		
Tenant Receivable		(904)
Grant Receivable		(60,996)
Prepaid Insurance		(116)
Inventories		(2,605)
Increase (Decrease) in Liabilities:		
Accounts Payable		40,528
Accrued Absences		(499)
Deferred Revenue		(40,568)
Accrued Liabilities		(6,363)
Other Government - Taxes		<u>441</u>
Net Cash Provided (Used) by Operating Activities		<u>528,572</u>
Cash Flows from Capital and Related Financing Activities		
None		<u>==</u>
		<u>==</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>==</u>
Cash Flows from Investing Activities		
Interest Income		7,956
Equipment and Building Improvements		<u>(518,311)</u>
Net Cash Provided(Used) in Investing Activities		(510,355)
Net Increase in Cash and Cash Equivalents		18,217
Cash and Cash Equivalents at Beginning of Year		<u>254,454</u>
Cash and Cash Equivalents at End of Year	\$	<u>272,671</u>

See Accompanying Notes.

**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2003**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Housing Authority of the City of Westwego, LA ( the Housing Authority) was created pursuant to the adoption of the United States Housing Act of 1937 to engage in the acquisition, development, and administration of a low income housing program to provide safe, sanitary, and affordable housing to the citizens of Westwego, Louisiana. Under the Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct oversight and financial responsibility for administering and overseeing low rent housing programs in the United States. To accomplish this task, HUD has entered into annual contributions contracts with the Housing Authority for the purpose of providing assistance to the Authority to acquire, contract and lease the housing units. The annual contributions or subsidies also aid in helping the Housing Authority maintain its low rent character.

Presently, the Housing Authority manages 300 public housing units at four different sites throughout the City of Westwego, LA. The Housing Authority also has comprehensive improvement and capital projects in progress from HUD contracts dated 2000 through 2002

The Board is composed of five members who are appointed by the Mayor of the City of Westwego, LA. Members serve staggered year terms.

**A. Basis of Presentation**

The Housing Authority must comply with the Louisiana State reporting laws (LSA - R.S. 24:513 and 24:514) which requires financial statements to be prepared in accordance with generally accepted accounting principles.

The accompanying financial statements have been prepared on the full accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the acceptable standard-setting body for establishing governmental accounting financial reporting principles.

The Housing Authority also follows the Financial Accounting Standards Board (FASB) Statements and Interpretations, issued after November 30, 1989, except for those that conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2003**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Reporting Entity

For financial statement reporting purposes, the Housing Authority of Westwego, LA is related to the City of Westwego, in that the Housing Authority's Board is appointed by the mayor of the City. However, the City has no financial responsibility for the Housing Authority and the City cannot impose its will on the Housing Authority nor can the Housing Authority cause the City to incur any financial burden as a result of its financial decisions.

The Housing Authority's oversight does not include the various tenant associations, which are legally separate entities.

C. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Housing Authority uses one fund (a proprietary/enterprise fund) to report the financial position and the results of its operations as required by the U.S. Department of Housing and Urban Development.

Proprietary/enterprise funds use the economic resources measurement focus. The accounting objectives are the determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net assets. Proprietary fund net assets are segregated into invested in capital assets, net of related debt, restricted and unrestricted net assets.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Proprietary/Enterprise Fund is accounted for using a historical financial resources measurement focus much like a business enterprise. Full accrual accounting is used and all debt and fixed assets are recorded directly in the fund.

**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2003**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

The Housing Authority of Westwego is required to present its net assets in accordance with GASB 33 by the Real Estate Assessment Center of the U.S. Department of Housing and Urban Development. For this reason the early implementation of GASB 34 was required in 2002.

In accordance with GASB 34 net assets (retained earnings previously) should be displayed in three components – invested in capital assets, net of related debt; restricted (distinguishing between major categories of restrictions); and unrestricted.

Invested in Capital Assets, Net of Related Debt - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances on any bonds, mortgage notes, or other borrowings that are the result of the acquisition of the property, the construction of the property or the improvement of the property. If significant unspent proceeds of debt financing exists those amounts should not be included in this category. This portion of debt should be included in the same net asset component as the unspent proceeds.

Restricted Net Assets – net assets are considered restricted when constraints are placed on the assets 1) externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments and/or 2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

As of this writing the Housing Authority has all three classes of net assets on its statement of net assets.

The management discussions and analysis (pages 3-5) was prepared by the management of the Housing Authority of the City of Westwego, LA.

**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2003**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budget Practices

The Housing Authority has adopted an operating subsidy budget and a capitalization multi-year budget, which are prepared on an other comprehensive basis of accounting. Because there is no requirement for formal budget adoption on enterprise funds, the budgets are used by the Authority as management tools. Further, the Authority's budgets are for grant reporting purposes. For this reason, a comparison of budget to actual (non-GAAP basis) is not presented in these statements.

The budget is integrated into the accounting records and recorded on an other comprehensive basis of accounting and employed as a management control device. Budget comparisons are presented to the board periodically at board meetings. The board does not use encumbrance accounting or appropriations.

F. Cash

Cash includes amounts in demand deposit and interest-bearing demand deposit accounts. Under state law, the Housing Authority may deposit funds in demand deposit, 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.

G. Investments

Investments are composed of Certificates of Deposit, and are carried at fair market value, which approximates historical cost.

H. Inventories

All purchased inventory items are valued at cost. Acquisition of material and supplies are accounted for on the purchase method, that is, the asset is charged when the item is purchased.

The related expense is charged when the item is used.



THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA

Notes to the Financial Statements

For the Year Ended June 30, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fixed Assets

Fixed assets are valued at historical cost or fair market value when historical cost is not available. The Housing Authority follows the policy of capitalizing costs of assets valued at \$ 500 or more.

Depreciation is based on the straight-line method over the estimated useful life, in years, for the following depreciable categories of fixed assets:

	Years
Buildings and structures	15-39
Furniture & Fixtures	5-10
Improvements	15-25

Major repair expenditures such as painting, roofing and plumbing are capitalized when purchased with capitol grant funds.

In the past the Housing Authority did not capitalize interest on fixed assets. For the sake of consistency and because of the immaterial amount of interest incurred in the current year, this practice will also not be followed for the year ended June 30, 2003.

J. Compensated Absences

The Housing Authority's employees earn varying amounts of vacation and sick leave each year. Employees can not accrue sick leave; however, vacation leave may be accrued and used to supplement sick leave in the event of catastrophic illness. Therefore, there is no liability for accumulated sick leave relating to the Housing Authority; but vacation may *accrue* indefinitely. There is a maximum of 300 hours that can be paid upon termination regardless of the amounts *accrued*. Any unused vacation days can be utilized by active employees of the Authority while employed. The accompanying statement contains provision for accrued compensated absences of \$ 23,045.



**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2003**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Revenue Recognition/ Deferred Revenue

Amounts collected or drawn down before earned is treated as deferred revenue. Rental fees are included in revenue when collected. Amounts drawn down or deposited for operations and modernization will be recognized when earned.

L. Pension Plan

The Authority provides a defined contribution pension plan for eligible full-time employees. The Authority contributes an amount equal to five percent of each employee's annual compensation to the plan, and accounts for pension plan costs as incurred. Pension expenses for the year ended June 30, 2003 total approximately \$ 25,190.

N. Per Diem Paid to the Board

The governing board of the Authority receives \$ 150 for each month of the year. The following is a listing of amounts received by each board member.

<u>Name</u>	<u>Amount</u>
Walton Arnondin	\$ 1,800
Eric LeBlanc	1,800
Parnell Morris	1,800
Cardelia Sykes	1,800
Delling Thibodaux	<u>1,800</u>
Total Paid	\$ <u>9,000</u>

**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2003**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Uses of Estimates

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The Housing Authority has one bank account with amounts in excess of Federal Deposit Insurance Corporation (FDIC) limits. The amounts in excess of the FDIC limits are secured by securities pledged in the Housing Authority's name by the depository bank. The total market value of amounts pledged against the Housing Authority's balances equals \$ 1,176,396 at June 20, 2003. This amount plus the FDIC insurance covers the Authority's deposits. The amount of cash classified in the three categories of credit risk is as follows: a) insured or collateralized with securities held by the entity or by its agent in the entity's name is zero; b) collateralized with securities held by a the pledging financial institution's trust department in the entity's name is \$ 272,671 and c) the amounts uncollateralized is zero.

The fair market value of the pledged securities is \$ \$ 1,176,396 and the book value of the pledged securities is \$ 1,104,924 at June 30,2003.

NOTE 3 - INVESTMENTS

The fair market value of the Housing Authority's certificate of deposit balance is \$ 290,407 amount is covered by \$ 100,000 of FDIC coverage. The difference of \$ 190,407 is covered by securities pledged by the bank, which holds the investment.

The amount of investments is also classified in the three categories of credit risk as follows: a) insured or registered, with securities held by the entity or by its agent in the entity's name is zero b)uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name is \$ 190,407 and c) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name is zero.

The fair market value of the pledged securities is \$ 482,280 and the book value of the pledged securities is \$ 489,147 at June 30,2003.

**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2003**

**NOTE 5 - FURNITURE AND FIXTURES**

The Housing Authority's furniture and fixtures consist of the following:

	<u>Beginning</u> <u>Balance</u>	<u>Adjustments</u> <u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Land	\$ 2,264,014	--	--	\$ 2,264,014
Buildings & Improvements	6,921,854	484,778	--	7,406,632
Furniture & Fixtures	<u>370,156</u>	<u>19,761</u>	--	<u>389,917</u>
Totals	\$ <u>9,556,024</u>	\$ <u>504,539</u>	\$ --	\$ 10,060,563
Less: Accumulated Depreciation				<u>(3,435,866)</u>
Net Assets				\$ <u>6,624,697</u>

Depreciation expense recorded in the enterprise fund totaled \$ 226,512 as of June 30, 2003.

**NOTE 6 - CONCENTRATIONS**

The majority of revenue recognized by the Housing Authority comes from the Department of Housing and Urban Development in the form of grants or modernization/capitalization contracts.

**NOTE 7 - EMPHASIS OF A MANNER**

During this audit period I noted that \$ 250,000 of the 2000 Capital Fund Program grant funds had not been obligated. The Department of Housing and Urban Development requires that all funds be obligated 90 days prior to the end of the contract period. This event caused the U. S. Department of Housing and Urban Development to freeze \$ 250,000 of capital fund money granted to the Housing Authority of the City of Westwego, LA. for the 2000 Capital Fund Program.

## **SUPPLEMENTARY INFORMATION**

THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA

Schedule of Federal Expenditures

June 30, 2003

<u>Program Title</u>	<u>CFDA Number</u>	<u>Expense</u>
<u>Federal Grantor/Pass-Through Grantor</u>		
U. S. Department of Housing and Urban Development		.
Low Rent Public Housing	14.850	\$ 313,480
Public Housing Comprehensive Grant Program	14.859	5,476
Public Housing Capital Fund Program	14.872	<u>616,521</u>
Total U. S. Department of Housing and Urban Development		\$ <u>935,477</u>
Total Expenditures of Federal Awards		\$ <u>935,477</u>

**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**  
**SCHEDULE OF CAPITOL FUND ACTIVITY**

**LA48P01170799**

**For the Year Ended June 30, 2003**

Project #                      LA48P01170799 was reported in the June 30, 2003 report.



**EILEEN  
SHANKLIN  
ANDRUS**  
CERTIFIED  
PUBLIC  
ACCOUNTANT  
A LIMITED LIABILITY  
COMPANY

Member of the  
American Institute  
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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 GOVERNMENT AUDITING  
STANDARDS**

To the Board of Directors of  
The Housing Authority of the City of Westwego, LA  
1010 Sixth St.  
Westwego, LA 70094

I have audited the financial statements of the Housing Authority of the City of Westwego, LA (the Housing Authority) as of and for the year ended June 30, 2003, and have issued my report thereon dated October 15, 2003. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance, which is reported to management of the Housing Authority of Westwego in a separate letter dated October 15, 2003.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial statements 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 misstatement 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted certain other immaterial weaknesses that I have reported to management in a separate letter dated October 15, 2003.

This report is intended for the information of the Board of the Housing Authority and its management, the Legislative Auditor of the State of Louisiana, federal, state and local awarding agencies and pass-through agencies and is not intended to be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Eileen S. Andrus*  
EILEEN SHANKLIN ANDUS  
CERTIFIED PUBLIC ACCOUNTANT  
A LIMITED LIABILITY COMPANY

October 15, 2003



**EILEEN  
SHANKLIN  
ANDRUS**  
CERTIFIED  
PUBLIC  
ACCOUNTANT  
A LIMITED LIABILITY  
COMPANY

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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**

To Board of Directors the  
The Housing Authority of the City of Westwego, LA  
1010 Sixth St.  
Westwego, LA 70094

Compliance

I have audited the compliance of the Housing Authority of the City of Westwego, LA 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 its major federal program for the year ended June 30, 2003. The Housing Authority's 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's management. My responsibility is to express an opinion on the Housing Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 I 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's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Housing Authority's compliance with those requirements.

In my opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003. However, I noted certain immaterial instances of noncompliance that I have reported to management in a separate letter dated October 15, 2003.

#### Internal Control Over Compliance

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

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving internal control over compliance and its operation that I consider to be material weaknesses. However, I noted certain immaterial instances that I have reported to management in a separate letter dated October 15, 2003.

This report is intended for the information of the Board and management of the Housing Authority of the City of Westwego, LA, the Legislative Auditor of the State of Louisiana, federal, state and local awarding agencies and pass-through agencies and is not intended to be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:515, this report is distributed by the Legislative Auditor as a public document.



Eileen S. Andrus  
CERTIFIED PUBLIC ACCOUNTANT  
A LIMITED LIABILITY COMPANY

October 15, 2003

THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2003

Section 1. Summary of Auditor's Reports

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control

Internal Control Over Financial Reporting:

Material Weakness(es) identified  Yes  No

Reportable Condition(s) identified that is not considered to be material weaknesses  Yes  none reported

Compliance

Noncompliance material to financial Statements noted?  Yes  No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?  Yes  No

Reportable condition(s) identified that is not considered to be material weakness(es) ?  Yes  none reported

Type of auditor's report issued on compliance for major programs = unqualified.

Any audit findings disclosed that

Are required to be reported

In accordance with section

510 (a) of Circular A-133?  Yes  No

**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended June 30, 2003**

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**Section 1 Summary of Auditor's Reports**

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Identification of major programs:

CFDA Number(s)  
14.859

Name of Federal Program or Cluster  
Public Housing Comprehensive  
Grant

Dollar threshold used to distinguish

Between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_

Yes  No

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**Section II Financial Statement Findings and Section III Federal Award Findings  
and Questioned Costs**

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**NONE NOTED.**

**THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LA**  
**STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS**

**For the year ended June 30, 2003**

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**MGT. 02-1 Recovery of amounts written off – Management has decided this suggestion is not efficient; therefore, comment is removed.**

**MGT. 02-2 Inventory taking procedures – *Resolved.***

**MGT. 02-3 Signature Plate – *Resolved.***

**MGT. 02-4 Fixed Asset Reconciliation – *Resolved.***



**EILEEN  
SHANKLIN  
ANDRUS**  
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October 15, 2003

Mrs. Shirley Arceneaux  
The Housing Authority of the City of Westwego, LA  
1010 Sixth St.  
Westwego, LA 70094

I have audited the financial statements of the Housing Authority of the City of Westwego; La. (the Housing Authority) as of and for the year ended June 30, 2003 and have issued my report thereon dated October 15, 2003. I conducted my 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.

As part of my examination, I have issued my report on the financial statements dated June 30, 2003 and my report on internal control and compliance with laws, regulations, and contracts dated June 30, 2003.

In planning and performing my audit of the financial statements of the Housing Authority, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control.

However, I noted certain matters involving internal control and its operation that I consider to be important, but not significant enough to be considered a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of internal control that, in my judgment, could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.



The following conditions were noted during the course of conducting the Housing Authority of the City of Westwego, LA 's audit for the year ended June 30, 2003.

**MGT. 03-1 Access to Inventoriable Items**

**Condition:** I noted during my testing that the Housing Authority has several employees with keys to the maintenance supplies inventory area.

**Recommendation:** I suggest the number of people having access to the maintenance supplies inventory be limited to no more than two, if feasible. This limitation is needed to allow for accountability of access to the maintenance inventory.

When numerous people have access to this area, controls are weakened and thereby making it difficult to hold any one person accountable for safeguarding of the inventory.

**MGT. 03-02 Health Insurance Coverage**

**Condition:** I noted that the Housing Authority continues to have healthy net income balances and amounts available to invest. I further noted that full coverage of health insurance was not being granted to employees.

**Recommendation:** Due to the healthy financial condition of the Authority I recommend that full insurance coverage be granted to all full-time employees.

**MGT. 03-03 Timely Preparation of Financial Statements**

**Condition:** I noted during my testing that the June financial statements were not available until September of 2003. This untimely preparation of the accounting records renders them useless by the time they are delivered.

**Recommendation:** I recommend that financial statements be available within 45 days of the month's end.

**MGT. 03-04 SAS 70 Report**

**Condition:** I also noted during my testing that the contractual accountant did not have a SAS 70 report prepared as required by the standard and the Department of Housing and Urban Development. However, a peer review report was viewed that was dated December 15, 2000 for the year ended May 31, 2000 on the system of quality control as required by the American Institute of CPAs and the State Board of CPAs.

**Recommendation:** I recommend that a SAS 70 report be obtained prior to the issuance of next year's audit report.

These suggestions and recommendations should not be construed as a criticism of management or the administrative staff, but as mere suggestions in areas that may need improvement.

If you need any advice in implementing any of these recommendations please do not hesitate to call me at (985) 651-5604 or (985) 359-9007.

Sincerely,

A handwritten signature in cursive script that reads "Eileen S. Andrus".

Eileen S. Andrus  
CERTIFIED PUBLIC ACCOUNTANT  
A LIMITED LIABILITY COMPANY

# THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

## COMMISSIONERS

PARNELL MORRIS, CHAIRMAN  
WALTON ARNONDIN, VICE CHAIRMAN  
CORDELIA SYKES, COMMISSIONER  
ERIC LeBLANC, COMMISSIONER  
DELLING THIBODEAUX, III, COMMISSIONER

1010 SIXTH STREET  
WESTWEGO, LA  
70094  
(504) 341-5255  
FAX: (504) 341-5545

SHIRLEY M. ARCENEUX  
EXECUTIVE DIRECTOR

ELLEN PORCHE  
ASSISTANT DIRECTOR

JODIE DONOHUE  
HOUSING COUNSELOR

RODNEY HEBERT  
CLERK

November 26, 2003

Ms. Eileen Shanklin Andrus  
Certified Public Accountant  
1632 English Colony Drive  
Laplace, LA 70068

Re: Response to conditions found on the audit  
FYE 06/30/2003

Dear Ms. Andrus:

I am responding to the conditions that you noted on the audit you performed for the Westwego Housing Authority for the fiscal year ending June 30, 2003.

## **MGT. 03-1 Access to Inventoriable Items**

**Condition:** Ms. Andrus reported that during her testing, she found that the Housing Authority has several employees with keys to the maintenance supplies area. She suggested the number of people who should have access to the maintenance supplies be numbered to no more than two, if feasible. The limitation is needed to allow for accountability of access to the maintenance inventory.

**Response:** The locks to the maintenance supply room will be changed and replaced with new ones. Two keys will be distributed. One will be kept by Executive Director, Shirley Arceneaux and the other will be given to the Maintenance Supervisor, Craig Simmons. Mrs. Arceneaux will also look into the possibility of installing security locks with identification codes for all employees.

# THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

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HOUSING COUNSELOR  
RODNEY HEBERT  
CLERK

Page (2)

## MGT. 03-2 Health Insurance Coverage

**Condition:** Ms. Andrus recommends that the Authority budget full benefits for all employees and request that the U. S. Department of Housing and Urban Development replace the reduction in their operating subsidy for the purpose of providing health insurance to all employees without the employee paying a share of the costs.

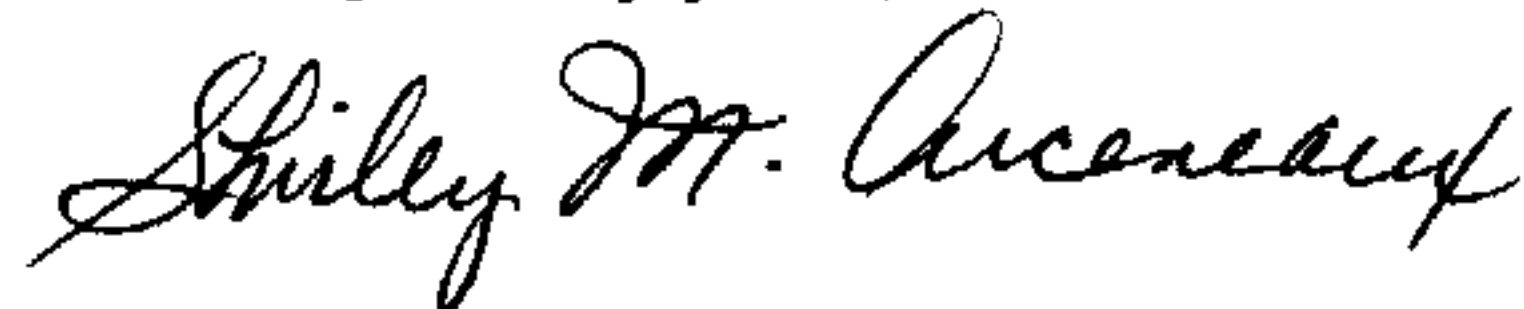
**Response:** The Executive Director will take this suggestion and Mrs. Andrus's recommendation before the Board of Commissioners for discussion. The Board will need to make a decision as to whether or not it is feasible for the Westwego Housing Authority to provide full health care coverage for all employees.

## MGT 03-3 Timely Preparations of Financial Statements

**Condition:** Ms. Andrus noted that during her testing, the June 2003 financial statements were not available until September of 2003. She notes that this untimely preparation of accounting records renders them useless by the time they're delivered. Her recommendation is that the financial statements be available within 45 days of the month's end.

**Response:** Mrs. Arceneaux did speak with the fee accountant for the Westwego Housing Authority, James Butler about this issue and we will work together toward resolving this problem. Unless unforeseen matters arise that prevent the financial work from being completed within the recommended (45) forty five day period, we do expect to have the financial statements available to us within the recommended time.

Respectfully yours,



Shirley M. Arceneaux  
Executive Director

Enclosures: (2) Am South Bank  
Investment Portfolio  
Pledge Report

# THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

## COMMISSIONERS

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WALTON ARNONDIN, VICE CHAIRMAN  
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DELLING THIBODEAUX, III, COMMISSIONER

1010 SIXTH STREET  
WESTWEGO, LA  
70094

(504) 341-5255  
FAX: (504) 341-5545

January 27, 2004

SHIRLEY M. ARCENEUX  
EXECUTIVE DIRECTOR

ELLEN PORCHE  
ASSISTANT DIRECTOR

JODIE DONOHUE  
HOUSING COUNSELOR

RODNEY HEBERT  
CLERK

Ms. Eileen Shanklin Andrus  
Certified Public Accountant  
1632 English Colony Drive  
Laplace, LA 70068

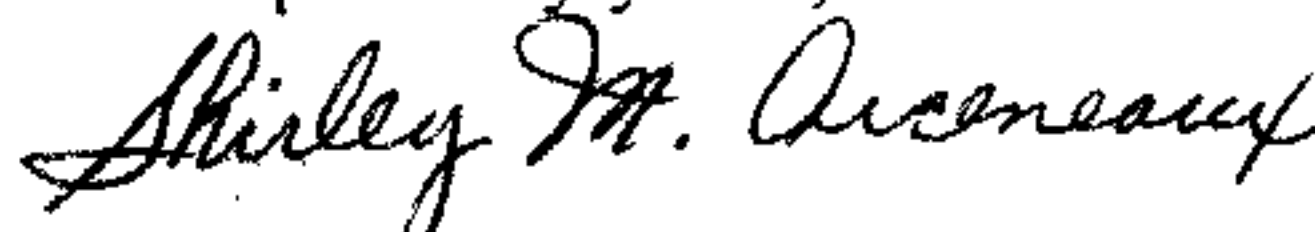
Dear Ms. Andrus:

In reference to the items noted on pages 30 and 31 of your audit report for the year ended June 30, 2003 for The Housing Authority of the City of Westwego and my letter dated November 26, 2003 included as pages 32 and 33, I offer the following:

The wording of the condition labeled MGT. 03-02 was changed between the version that I responded to in my letter dated November 26 and the version that is presented on page 30 of the report. In the version that I responded to, which is summarized immediately preceding my response on page 33, the "condition" was a suggestion that we request that HUD increase our operating subsidy to cover the entire cost of the employee's health insurance. The wording listed on page 30 of the report now cites the healthy financial position of the Housing Authority as the rationale behind absorbing the entire employee's health insurance cost. Our response to the new wording is that we disagree. These conditions are being presented as "matters involving internal control and its operation." and we do not agree that the percentage of health insurance cost that the employees are required to contribute is a matter involving internal control.

The condition labeled MGT. 03-4 on page 30 of the report suggests that the contractual accountant is required by HUD and the auditing standards to have a SAS 70 report prepared. We disagree and suggest that SAS 70 is a standard that is applicable to the auditor. If the auditor considers the services rendered by the contractual accountant, or any other service organization utilized by the auditee, to be part of the Housing Authority's system of internal control, SAS 70 requires the auditor to develop a sufficient understanding of the controls in place at the service organization and to consider testing those controls as a basis for audit control risk assessment. In the event a service organization has had a SAS 70 report issued, the standard guides the auditor in the area of what procedures to perform in order to achieve a basis for reliance on the report.

Respectfully yours,



Shirley M. Arceneaux  
Executive Director