

**HOUSING AUTHORITY OF THE
CITY OF WESTWEGO, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

	<u>Page</u>
Independent Auditor's Report	1-4
Required Supplementary Information	
Management's Discussion and Analysis	5-7
Basic Financial Statements	
Proprietary Fund:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11-17
Other Supplementary Information	
Schedule of Capital Fund Activity	18
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	19
HUD Financial Data Schedules	20-29
Single Audit Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	30-31
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	32-34
Schedule of Expenditures of Federal Awards	35
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37-38
Summary Schedule of Prior Audit Findings	39

PACIERA, GAUTREAU & PRIEST, LLC

CERTIFIED PUBLIC ACCOUNTANTS

3209 RIDGELAKE DRIVE, SUITE 200

METAIRIE, LA 70002

(504) 486-5573

FAX (504) 486-6091

www.pgcpa.com

KIRTH M. PACIERA, C.P.A.
RENE G. GAUTREAU, C.P.A.
TIMOTHY L. PRIEST, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

SIDNEY T. SPILSBURY, C.P.A.
(1905-1985)
KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
The Housing Authority of the
City of Westwego, Louisiana
Westwego, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of The Housing Authority of the City of Westwego, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority'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.

Auditor's Responsibility

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

**To the Board of Commissioners
The Housing Authority of the
City of Westwego, Louisiana**

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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-7 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

**To the Board of Commissioners
The Housing Authority of the
City of Westwego, Louisiana**

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying other supplementary information, as listed in the table of contents is presented for the United States Department of Housing and Urban Development and the Louisiana Legislative Auditor and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Capital Funds Activity, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, the HUD Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Capital Funds Activity, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, the HUD Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**To the Board of Commissioners
The Housing Authority of the
City of Westwego, Louisiana**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the Housing Authority'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 the Housing Authority's internal control over financial reporting and compliance.

Paciera, Gautreau & Priest LLC

Metairie, Louisiana
December 27, 2017

MANAGEMENT'S DISCUSSION 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 June 30, 2017. Please read it in conjunction with the Authority's financial statements which begin on page 8.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by 4.19% as a result of this year's operations.
- During the year, the Authority had operating and non-operating revenues that were \$532,549 less than the \$2,798,936 in operating and non-operating expenses. This compares to last year when expenses exceeded revenues by \$456,506.
- Total of the Authority's operating expenses increased by \$492,727 or 21.37% over the fiscal year ending June 30, 2016.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position 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 Position and the Statement of Revenues, Expenses, and Changes in Net Position 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 position* and changes in it. You can think of the Authority's net position—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 position is one indicator of whether its *financial health* is improving or deteriorating.

Proprietary Funds

The Housing Authority of the City of Westwego, Louisiana (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.

- 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 Position and the Statement of Revenues, Expenses, and Changes in Net Position.

The Housing Authority's *combined* net position decreased by \$532,549 from a year ago.

Proprietary Funds - continuedCondensed Statement of Net Position

	<u>FYE 6/30/17</u>	<u>FYE 6/30/16</u>
Current, non-current, restricted assets and deferred outflows	\$ 1,857,244	\$ 2,427,007
Capital assets	<u>10,604,648</u>	<u>10,463,887</u>
Total Assets	12,461,892	12,890,894
Liabilities and deferred inflows	<u>290,642</u>	<u>187,095</u>
	<u>\$12,171,250</u>	<u>\$12,703,799</u>
Net position:		
Invested in capital assets	\$10,604,648	\$ 10,463,887
Restricted	-0-	1,300,000
Unrestricted	<u>1,566,602</u>	<u>939,912</u>
Total net position	<u>\$12,171,250</u>	<u>\$ 12,703,799</u>

Condensed Statement of Revenues,
Expenses, and Changes in Net Position

Operating Revenues	\$ 1,905,637	\$ 1,828,587
Operating Expenses	<u>2,798,936</u>	<u>2,306,209</u>
Operating Loss	(893,299)	(477,622)
Non Operating Revenues & Expenses	<u>360,750</u>	<u>21,116</u>
Increase (Decrease) in Net Position	<u>\$ (532,549)</u>	<u>\$ (456,506)</u>

Business-type Activities

The Housing Authority's total revenues (excluding insurance reimbursement) increased by 20.08% (\$371,377). The total operating expenses increased by \$492,727 or 21.37 % with no new programs added this year. Rental revenues decreased by \$22,399, revenues from the U.S. Department of Housing and Urban Development for capital funding increased by \$339,636, and interest income and other charges to tenants decreased by \$23,345. The operating subsidy grant increased by \$77,485. There was an insurance reimbursement of \$45,307 shown as other revenue.

The Housing Authority's Funds

The Housing Authority only has one fund which is reported as a Proprietary Fund. The net position of this fund decreased by \$532,549 during the fiscal year ending June 30, 2017.

Budgetary Highlights

The Housing Authority adopts an operating budget that serves as a management tool. For the fiscal year ended June 30, 2017, the operating budget was amended when the June 30, 2018 budget was approved.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the Housing Authority had \$17,540,381 invested in Land, Buildings, Equipment, and Furniture. This amount represents a net increase (including additions and deletions) of \$445,683 or 2.61% over last year.

	<u>FYE 6/30/17</u>	<u>FYE 6/30/16</u>
Land	\$ 2,264,014	\$ 2,264,014
Buildings	14,745,227	14,303,383
Equipment & Furniture	<u>531,140</u>	<u>527,301</u>
	<u>\$17,540,381</u>	<u>\$17,094,698</u>

Debt

The Housing Authority has accrued compensated absences of \$42,174, which \$8,341 is classified as a current liability and \$33,833 is classified as a non-current liability as of June 30, 2017.

Economic Factors and Next Year's Budget

The Housing Authority's appointed officials considered many factors when setting the fiscal year June 30, 2018 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 2018 is planned to result in a healthy balance in unrestricted net position.

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.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2017

ASSETS AND DEFERRED OUTFLOWS

Current assets:	
Cash and cash equivalents	\$ 436,461
Investments	1,097,140
Accounts receivable (net of allowance for doubtful accounts)	94,030
Accrued interest receivable	97
Inventories	9,158
Prepaid insurance	<u>72,633</u>
Total current assets	<u>1,709,519</u>
Restricted assets:	
Cash and cash equivalents	<u>40,570</u>
Capital assets:	
Land, buildings, and equipment, at cost less accumulated depreciation	<u>10,604,648</u>
Non-current assets:	
Investments	<u>107,155</u>
Total assets	<u>12,461,892</u>

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

Current liabilities:	
Accounts payable	198,630
Compensated absences	8,341
Deferred revenue	<u>9,268</u>
Total current liabilities	<u>216,239</u>
Liabilities payable from restricted assets:	
Tenant security deposits	<u>40,570</u>
Non-current liabilities:	
Compensated absences	<u>33,833</u>
Total liabilities	<u>290,642</u>
Net Position	
Invested in capital assets, net of related debt	10,604,648
Unrestricted	<u>1,566,602</u>
Total net position	<u>\$12,171,250</u>

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2017

Operating Revenues:	
Tenant rental revenue	\$ 919,512
Operating subsidy grant	930,909
Other revenue	<u>55,216</u>
Total operating revenues	<u>1,905,637</u>
Operating Expenses:	
Administrative salaries	284,804
Auditing fees	11,000
Employee benefits-administrative	55,340
Other operating-administrative	226,166
Tenant services other	74,108
Water & Sewer	204,734
Electricity	46,855
Gas	101,085
Other utilities expense	60,408
Ordinary maintenance and operations-labor	290,376
Materials	311,630
Contract costs	582,036
Employee benefits-maintenance & operations	56,423
Insurance	132,482
Payment in lieu of taxes	34,714
Bad debt-tenant rents	3,582
Depreciation expense	<u>323,193</u>
Total operating expenses	<u>2,798,936</u>
Net operating loss	<u>(893,299)</u>
Non-Operating Revenues:	
Interest income	608
Capital fund grant revenue	<u>360,142</u>
Total non-operating revenues	<u>360,750</u>
Change in Net Position	(532,549)
Net Position-Beginning of Year	<u>12,703,799</u>
Net Position-End of Year	<u>\$ 12,171,250</u>

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Dwelling rent receipts	\$ 923,290
Operating subsidy	930,909
Other income	9,909
Net tenant security deposits collected	(3,625)
Payments to employees	(562,137)
Payments to vendors and others	(1,764,618)
Payment in lieu of taxes	(37,751)
Net cash used by operating activities	<u>(504,023)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of property, plant, and equipment	(463,954)
Capital subsidy received	312,379
Net cash used by capital and related financing activities	<u>(151,575)</u>
Cash Flows from Investing Activities:	
Purchase of investments	(606)
Interest on investments	606
Net cash provided by investing activities	<u>0</u>
Net decrease in cash and cash equivalents	(655,598)
Cash and cash equivalents:	
Beginning of year	<u>1,132,629</u>
End of year	<u>\$ 477,031</u>
Classification of Cash at End of Year:	
Current assets	\$ 436,461
Restricted assets	40,570
	<u>\$ 477,031</u>
Reconciliation of Net Operating Income (Loss) to Net Cash	
Used by Operating Activities	
Operating Activities:	
Net operating (loss)	\$ (893,299)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation	323,193
(Increase) in accounts receivable	(42,945)
Decrease in prepaid insurance	5,408
Increase in accounts payable	89,205
Increase in accrued wages	13,043
(Decrease) in tenant security deposits	(3,625)
Increase in deferred revenue	4,997
Net cash used by operating activities	<u>\$ (504,023)</u>
Noncash investing, capital, and financing activities:	
Acquisitions of property, plant and equipment through accounts payable	<u>\$ 31,773</u>

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FORMATION AND OPERATIONS

The Housing Authority of the City of Westwego, Louisiana (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 Housing 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.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state and 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 budget and set rates or charges.

The Housing Authority is a related organization of the City of Westwego, Louisiana since the City appoints a voting majority of the Housing Authority's governing board. The Board is composed of five members who are appointed by the Mayor of the City of Westwego, Louisiana. Members serve four-year staggered terms. The City 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. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

In accordance with Louisiana State Reporting Laws (LAS-R.S. 24:514), the accompanying financial statements of the Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Housing Authority reports under the governmental proprietary fund type (enterprise fund). Enterprise funds account for activities similar to those funds in the private sector, where the determination of net income is necessary or useful to sound financial administration. The focus for enterprise funds is on income measurement, which together with the maintenance of equity, is an important financial advisor.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION - Continued

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The proprietary fund financial statements follow guidance included in GASB Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements.

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits, cash on hand, and time deposit accounts. The Housing Authority considers short-term (maturity of less than 90 days), highly liquid investments as cash equivalents. 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.

D. INVESTMENTS

Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments are 90 or more days, they are classified as investments; however, if the original maturities are less than 90 days, they are classified as cash equivalents. Investments are carried at fair market value.

E. INVENTORY AND PREPAID ITEMS

All inventories are valued on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the accompanying financial statements. Capital assets are stated at their historical cost or estimated historical cost if actual cost was not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Housing Authority maintains a threshold level of \$500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

F. CAPITAL ASSETS - Continued

Major outlays for capital assets and improvements are capitalized on the last day of the month in which the projects are completed. The results of that method do not differ materially from generally accepted accounting principles.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture, office equipment	5
Motor Vehicles	5
Buildings	40
Equipment	5

G. COMPENSATED ABSENCES

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate an unlimited number of annual and sick leave; however, a maximum of three hundred hours of annual leave 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.

In some cases, employees can earn compensatory time in lieu of overtime. For each hour worked over the scheduled hours, the employee earns 1 ½ hours of compensatory time.

H. LONG-TERM OBLIGATIONS

Long-term obligations, consisting of compensated absences, are expected to be financed from operating funds.

I. USE OF 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 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, expenditures, and expenses during the period. Actual results could differ from those estimates.

J. RESTRICTED ASSETS

Restricted assets consist of tenant deposits.

K. ENCUMBRANCES

The Housing Authority does not utilize encumbrance accounting.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

L. OPERATING AND NONOPERATING REVENUES

Operating revenues include rents received from tenants as well as operating subsidy grant funds received from HUD. Other income amounts are included as well.

Nonoperating revenue includes capital project fund grants received from HUD, sale of assets, and interest income.

M. NET POSITION

Net position comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

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

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Housing Authority has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Housing Authority has no items that qualify for reporting in this category.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2017, the Housing Authority had cash and cash equivalents and investments totaling \$1,681,326 as follows:

Petty cash and demand deposits, unrestricted	\$ 436,461
Demand deposits, restricted	40,570
Time deposits (maturity over 90 days)	<u>1,204,295</u>
Total	<u>\$ 1,681,326</u>

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS - Continued

These deposits are stated at cost, which approximates market. 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 bank. 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 June 30, 2017, the Housing Authority had \$1,729,233 in deposits (collected bank balances). These deposits are secured from risk by \$506,632 of federal deposit insurance and \$1,222,601 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The Housing Authority's bank balance of \$1,729,233 at June 30, 2017 is secured by pledged collateral held in joint custody. The Housing Authority has no formal policy regarding custodial credit risk.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

The Housing Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Housing Authority's investments are reported at fair value based on quoted market prices, which are considered to be Level 1 inputs.

3. RECEIVABLES

The following is a summary of receivables at June 30, 2017:

	<u>HUD</u>	<u>Current Tenant</u>	<u>Other</u>
Accounts receivable	<u>\$ 47,690</u>	<u>\$ 197</u>	<u>\$ 46,143</u>

An allowance for doubtful accounts is used in the valuation of accounts receivable from tenants. As of June 30, 2017, \$29,092 was recorded as an allowance for doubtful accounts.

4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017.

	<u>Balance 07/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/17</u>
Land	\$ 2,264,014	\$ 0	\$ 0	\$ 2,264,014
Buildings	14,303,383	441,844	0	14,745,227
Furniture and Equipment Dwelling	288,970	21,511	18,271	292,210
Furniture and Equipment Administration	238,331	599	0	238,930
Totals	<u>17,094,698</u>	<u>463,954</u>	<u>18,271</u>	<u>17,540,381</u>
Less accumulated Depreciation	6,630,811	323,193	18,271	6,935,733
Capital assets, net	<u>\$10,463,887</u>	<u>\$ 140,761</u>	<u>\$ 0</u>	<u>\$10,604,648</u>

Depreciation expense recorded for the year ended June 30, 2017 was \$323,193.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

5. COMPENSATED ABSENCES

At June 30, 2017, employees of the Housing Authority have accumulated and vested \$42,174 of vacation benefits and compensatory time. This is classified on the Statement of Net Position as \$8,341 as a current obligation and \$33,833 as a non-current obligation.

The following is a summary of the compensated absences liability for the year ended June 30, 2017.

<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2017</u>	<u>Amount due within one year</u>
\$ <u>29,131</u>	\$ <u>33,700</u>	\$ <u>20,657</u>	\$ <u>42,174</u>	\$ <u>8,341</u>

6. RETIREMENT PLAN

The Housing Authority participates in The Housing Agency Retirement Trust ("HART") which is a defined contribution plan (the "Plan"). HART is a retirement savings program established exclusively for local and regional housing agencies and pools the funds of more than 455 local agencies which employ more than 6,600 plan participants.

The Plan is governed by eight individual trustees who serve without compensation. Each trustee is a plan participant and is employed by a participating agency. The Plan is administered by Mercer, a division of Marsh and McLennan since the Plan's inception. Personalized service is provided by HART's recordkeeper, ADP retirement services. As approved by the Housing Authority's Board of Commissioners, the Housing Authority elects all plan provisions. This is inclusive of the: eligibility date, contribution levels of the employer or employee, vesting schedule, normal retirement age, and whether or not to provide life insurance or to offer loans. All of these provisions may be changed at any time at the discretion of the Housing Authority.

All regular and full-time employees shall participate in the Plan on the first day of the month after attaining age eighteen (18) and completing one (1) year of continuous and uninterrupted employment with the employer. All employees who were participants in the prior retirement plan shall automatically be participants in this Plan.

Each participant in the plan is required to make a monthly contribution equal to 5% of his basic employee compensation, and may make additional contributions. The employer is required to make monthly contributions equal to 7% of each participant's basic employee compensation.

The normal retirement date for participating employees shall be the first day of the month following the employee's sixty-fifth (65th) birthday, or the date specified in the prior plan, if later, with respect to participating employees in the prior plan who are participating employees in this Plan.

Employees shall vest in the value of the employer's contributions at the rate of twenty percent (20%) per each full year of continuous employment with the employer. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority contributed approximately \$19,821 to the plan and the plan members contributed approximately \$14,158 to the plan. At June 30, 2017, there is a liability of \$6,965 due to the pension plan, shown on the Statement of Net Position as a current obligation.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

7. RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

8. FEDERAL COMPLIANCE CONTINGENCIES

The Housing Authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing the Housing Authority's activities. These examinations may result in the Housing Authority receiving a lower HUD score and a reduced HUD subsidy.

9. ECONOMIC DEPENDENCY

The Housing Authority is economically dependent upon annual contributions and grants from HUD. HUD provided approximately 57% of the Housing Authority's revenue for the year ended June 30, 2017.

10. CONSTRUCTION COMMITMENTS

As of June 30, 2017, the Housing Authority was involved in several construction projects in the amount of \$347,947. As of June 30, 2017, \$208,453 remains outstanding on these projects that are part of the capital fund programs.

11. RELATED PARTY TRANSACTIONS

The governing board of the Housing Authority receives a per diem of \$225 each month as long as they attend at least one meeting that month. For the year ended June 30, 2017, the related party transactions were:

<u>Name</u>	<u>Amount</u>
D. Thibodeaux, III	\$ 2,250
C. Watts - Reyes	2,700
J. Hardy	2,250
D. Manuel	2,700
C. Jones	2,700
Total	<u>\$ 12,600</u>

No amounts were payable at June 30, 2017.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

SCHEDULE OF CAPITAL FUND ACTIVITY
YEAR ENDED JUNE 30, 2017

The following capital fund program is reported in the June 30, 2017 report:

<u>Project No.</u>	<u>LA48P011501-13</u>
Funds Approved	\$ 362,031
Funds Advanced	<u>362,031</u>
Funds Remaining	<u>\$ 0</u>
Funds Advanced	\$ 362,031
Funds Expended	<u>362,031</u>
Excess (Deficiency)	<u>\$ 0</u>

The Comprehensive Grant Program LA48P0115013 was completed with all budgeted amounts expended and the Actual Cost Modernization Cost Certificate submitted to the United States Department of Housing and Urban Development on July 24, 2017.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments
to Agency Head or Chief Executive Officer
Year Ended June 30, 2017

	Dorian Rawles <u>Executive Director</u>
Salary	\$ 78,750
Benefits – Insurance	11,938
Benefits – Retirement	919
Benefits – Payroll Taxes	6,116
Car Allowance	1,200
Per Diem	1,525
Conference Travel	3,754
Registration Fees & Dues	749
Special Meals	<u>75</u>
	<u>\$ 105,026</u>

Housing Authority of Westwego (LA011)

WESTWEGO, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$436,294	\$436,294	\$436,294
112 Cash - Restricted - Modernization and Development	\$167	\$167	\$167
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$40,570	\$40,570	\$40,570
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$477,031	\$477,031	\$477,031
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$47,690	\$47,690	\$47,690
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous	\$46,143	\$46,143	\$46,143
126 Accounts Receivable - Tenants	\$29,289	\$29,289	\$29,289
126.1 Allowance for Doubtful Accounts - Tenants	-\$29,092	-\$29,092	-\$29,092
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0
129 Accrued Interest Receivable	\$97	\$97	\$97
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$94,127	\$94,127	\$94,127
131 Investments - Unrestricted	\$1,204,295	\$1,204,295	\$1,204,295
132 Investments - Restricted	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$72,633	\$72,633	\$72,633

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

Housing Authority of Westwego (LA011)

WESTWEGO, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
143 Inventories	\$9,158	\$9,158	\$9,158
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$1,857,244	\$1,857,244	\$1,857,244
161 Land	\$2,264,014	\$2,264,014	\$2,264,014
162 Buildings	\$14,745,227	\$14,745,227	\$14,745,227
163 Furniture, Equipment & Machinery - Dwellings	\$292,210	\$292,210	\$292,210
164 Furniture, Equipment & Machinery - Administration	\$238,930	\$238,930	\$238,930
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$6,935,733	-\$6,935,733	-\$6,935,733
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,604,648	\$10,604,648	\$10,604,648
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$10,604,648	\$10,604,648	\$10,604,648
200 Deferred Outflow of Resources			

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

Housing Authority of Westwego (LA011)

WESTWEGO, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
290 Total Assets and Deferred Outflow of Resources	\$12,461,892	\$12,461,892	\$12,461,892
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$163,916	\$163,916	\$163,916
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable			
322 Accrued Compensated Absences - Current Portion	\$8,341	\$8,341	\$8,341
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$34,714	\$34,714	\$34,714
341 Tenant Security Deposits	\$40,570	\$40,570	\$40,570
342 Unearned Revenue	\$9,268	\$9,268	\$9,268
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$256,809	\$256,809	\$256,809
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

Housing Authority of Westwego (LA011)
WESTWEGO, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single.Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current	\$33,833	\$33,833	\$33,833
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$33,833	\$33,833	\$33,833
300 Total Liabilities	\$290,642	\$290,642	\$290,642
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets	\$10,604,648	\$10,604,648	\$10,604,648
511.4 Restricted Net Position	\$0	\$0	\$0
512.4 Unrestricted Net Position	\$1,566,602	\$1,566,602	\$1,566,602
513 Total Equity - Net Assets / Position	\$12,171,250	\$12,171,250	\$12,171,250
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net.	\$12,461,892	\$12,461,892	\$12,461,892

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

Housing Authority of Westwego (LA011)
WESTWEGO, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$919,512	\$919,512	\$919,512
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$919,512	\$919,512	\$919,512
70600 HUD PHA Operating Grants	\$930,909	\$930,909	\$930,909
70610 Capital Grants	\$360,142	\$360,142	\$360,142
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$608	\$608	\$608
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$55,216	\$55,216	\$55,216
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted	\$0	\$0	\$0
70000 Total Revenue	\$2,266,387	\$2,266,387	\$2,266,387

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

Housing Authority of Westwego (LA011)
WESTWEGO, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
91100 Administrative Salaries	\$281,913	\$281,913	\$281,913
91200 Auditing Fees	\$11,000	\$11,000	\$11,000
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$15,395	\$15,395	\$15,395
91500 Employee Benefit contributions - Administrative	\$55,340	\$55,340	\$55,340
91600 Office Expenses	\$43,509	\$43,509	\$43,509
91700 Legal Expense	\$3,995	\$3,995	\$3,995
91800 Travel	\$31,815	\$31,815	\$31,815
91810 Allocated Overhead			
91900 Other	\$102,468	\$102,468	\$102,468
91000 Total Operating - Administrative	\$545,435	\$545,435	\$545,435
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$74,108	\$74,108	\$74,108
92500 Total Tenant Services	\$74,108	\$74,108	\$74,108
93100 Water	\$70,978	\$70,978	\$70,978
93200 Electricity	\$46,855	\$46,855	\$46,855
93300 Gas	\$101,085	\$101,085	\$101,085
93400 Fuel			

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

Housing Authority of Westwego (LA011)
WESTWEGO, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
93500 Labor			
93600 Sewer	\$133,756	\$133,756	\$133,756
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$60,408	\$60,408	\$60,408
93000 Total Utilities	\$413,082	\$413,082	\$413,082
94100 Ordinary Maintenance and Operations - Labor	\$284,926	\$284,926	\$284,926
94200 Ordinary Maintenance and Operations - Materials and Other	\$311,630	\$311,630	\$311,630
94300 Ordinary Maintenance and Operations Contracts	\$582,036	\$582,036	\$582,036
94500 Employee Benefit Contributions - Ordinary Maintenance	\$56,423	\$56,423	\$56,423
94000 Total Maintenance	\$1,235,015	\$1,235,015	\$1,235,015
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other	\$28,984	\$28,984	\$28,984
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$28,984	\$28,984	\$28,984
96110 Property Insurance	\$102,340	\$102,340	\$102,340
96120 Liability Insurance			
96130 Workmen's Compensation	\$26,310	\$26,310	\$26,310
96140 All Other Insurance	\$3,832	\$3,832	\$3,832
96100 Total Insurance Premiums	\$132,482	\$132,482	\$132,482

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

Housing Authority of Westwego (LA011)
WESTWEGO, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
96200 Other General Expenses			
96210 Compensated Absences	\$8,341	\$8,341	\$8,341
96300 Payments in Lieu of Taxes	\$34,714	\$34,714	\$34,714
96400 Bad debt - Tenant Rents	\$3,582	\$3,582	\$3,582
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$46,637	\$46,637	\$46,637
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,475,743	\$2,475,743	\$2,475,743
97000 Excess of Operating Revenue over Operating Expenses	-\$209,356	-\$209,356	-\$209,356
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$323,193	\$323,193	\$323,193
97500 Fraud Losses			

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

Housing Authority of Westwego (LA011)
WESTWEGO, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$2,798,936	\$2,798,936	\$2,798,936
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$532,549	\$532,549	-\$532,549
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$12,703,799	\$12,703,799	\$12,703,799
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

Housing Authority of Westwego (LA011)
WESTWEGO, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2017

	Project Total	Subtotal	Total
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	3600	3600	3600
11210 Number of Unit Months Leased	3391	3391	3391
11270 Excess Cash	\$1,012,166	\$1,012,166	\$1,012,166
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$441,844	\$441,844	\$441,844
11630 Furniture & Equipment - Dwelling Purchases	\$21,511	\$21,511	\$21,511
11640 Furniture & Equipment - Administrative Purchases	\$599	\$599	\$599
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

Note: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

PACIERA, GAUTREAU & PRIEST, LLC

CERTIFIED PUBLIC ACCOUNTANTS

3209 RIDGELAKE DRIVE, SUITE 200

METAIRIE, LA 70002

(504) 486-5573

FAX (504) 486-6091

www.pgcpa.com

KIRTH M. PACIERA, C.P.A.
RENE G. GAUTREAU, C.P.A.
TIMOTHY L. PRIEST, C.P.A.
MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

SIDNEY T. SPILSBURY, C.P.A.
(1905-1985)
KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)

INDEPENDENT AUDITOR'S 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

To the Board of Commissioners
The Housing Authority of the
City of Westwego, Louisiana
Westwego, 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, the financial statements of the business-type activities of The Housing Authority of the City of Westwego, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control over Financial Reporting

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

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

INDEPENDENT AUDITOR'S 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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paciera, Gautreau & Priest LLC

Metairie, Louisiana
December 27, 2017

PACIERA, GAUTREAU & PRIEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS

PACIERA, GAUTREAU & PRIEST, LLC

CERTIFIED PUBLIC ACCOUNTANTS

3209 RIDGELAKE DRIVE, SUITE 200

METAIRIE, LA 70002

(504) 486-5573

FAX (504) 486-6091

www.pgpcpa.com

KIRTH M. PACIERA, C.P.A.
RENE G. GAUTREAU, C.P.A.
TIMOTHY L. PRIEST, C.P.A.
MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

SIDNEY T. SPILSBURY, C.P.A.
(1905-1985)
KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners
The Housing Authority of the
City of Westwego, Louisiana
Westwego, Louisiana

Report on Compliance for Each Major Federal Program

We have audited The Housing Authority of the City of Westwego, Louisiana's (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2017. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Paciera, Gautreau & Priest LLC

Metairie, Louisiana
December 27, 2017

PACIERA, GUATREAU & PRIEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

<u>FEDERAL GRANTOR/PROGRAM NAME</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Housing and Urban Development		
Public Housing – Operating Subsidy	14.850	\$ 930,909
Public Housing – Capital Fund Program	14.872	<u>360,142</u>
Total		<u>\$1,291,051</u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST

The Housing Authority has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2017

Section I – Summary of Auditor’s Reports

Financial Statement

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes No

Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.850	Department of Housing and Urban Development - Operating Subsidy

Dollar threshold used to distinguish between type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

No items to report.

Section III – Federal Awards Findings and Questioned Costs

No items to report.

THE HOUSING AUTHORITY OF THE CITY OF WESTWEGO, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings or questioned costs related to the financial statement audit for the year ended June 30, 2016.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

There were no findings and questioned costs related to the Major Federal Awards Programs for the year ended June 30, 2016.

PACIERA, GAUTREAU & PRIEST, LLC

CERTIFIED PUBLIC ACCOUNTANTS

3209 RIDGELAKE DRIVE, SUITE 200

METAIRIE, LA 70002

(504) 486-5573

FAX (504) 486-6091

www.pgcpa.com

KIRTH M. PACIERA, C.P.A.
RENE G. GAUTREAU, C.P.A.
TIMOTHY L. PRIEST, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

SIDNEY T. SPILSBURY, C.P.A.
(1905-1985)
KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the Housing Authority of the City of Westwego, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Housing Authority of the City of Westwego, (the Housing Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Housing Authority's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of The Housing Authority and LLA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures:

Procedure 1: Obtained the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
- 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.
- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts**, including receiving, recording, and preparing deposits
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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 the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: There were no written policies or procedures for budgeting, receipts, disbursements or credit cards.

Response: The Housing Authority will develop written policies and procedures for budgeting, receipts, disbursements and credit cards.

Board (or Finance Committee, if applicable):

Procedure 2: Obtained and reviewed the board/committee minutes for the fiscal period, and:

- a) Reported whether the managing 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.
- b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether 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.
- c) Reported whether 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.

Results: No exceptions were noted as a result of applying these procedures.

Bank Reconciliations:

Procedure 3: Obtained a listing of client bank accounts from management and management's representation that the listing is complete.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 4: Used the listing provided by management, selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Results: One bank account did not have bank reconciliations prepared for the entire fiscal period.

Response: The bank account mentioned has very little activity each month and a bank reconciliation on a prescribed form was not prepared, however journal entries were prepared to record the activity and the bank statement was reconciled with the general ledger. The Housing Authority will prepare a bank reconciliation in the future.

- 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; and

Results: No exceptions were noted as results of applying these procedures.

- 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.

Results: One bank account did not have documentation reflecting that it had researched reconciling items which were outstanding for six months or more.

Response: There were only two checks that were outstanding over six months and they were reviewed and deemed that one would clear, and one would be turned over to unclaimed property. There was no written documentation of this. The Housing Authority will document this review in the future.

Collections:

Procedure 5: Obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 6: Used the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:

- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) and report 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.

Results: No exceptions were noted as a result of applying these procedures.

- b) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity 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.

Results: The entity does not have a cash collections/receipts written policy.

Response: The Housing Authority will develop a written cash collections/receipts policy.

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Used entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

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

Results: No exceptions were noted as a result of applying these procedures.

Procedure 7: Obtained existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) 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.

Results: The entity does not have a cash collections/receipts written policy.

Response: The Housing Authority will develop a written cash collections/receipts policy.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments):

Procedure 8: Obtained a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtained management's representation that the listing or general ledger population is complete.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 9: Used the disbursement population from procedure 8 above, randomly selected 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

- 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.

Results: No exceptions were noted as a result of applying these procedures.

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

Results: No exceptions were noted as a result of applying these procedures.

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

Results: No exceptions were noted as a result of applying these procedures.

Procedure 10: Used entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 11: Used entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: The person responsible for processing payments is NOT prohibited from adding vendors to the Housing Authority's purchasing system.

Response: The Housing Authority will prohibit the person responsible for processing payments from adding vendors to their purchasing system.

Procedure 12: Inquired of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, reviewed entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 13: If a signature stamp or signature machine is used, inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Results: No exceptions were noted as a result of applying these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards:

Procedure 14: Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 15: Used the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: No exceptions were noted as a result of applying these procedures.

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

Results: No exceptions were noted as a result of applying these procedures.

Procedure 16: Used the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Results: One credit card statement was not supported by invoices.

Response: The Housing Authority will attach all invoices to the copy of the check paying the credit card bill.

- b) For each transaction, compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity'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) and reported any exceptions.

Results: No exceptions were noted as a result of applying these procedures.

- c) For each transaction, compare the entity'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). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: No exceptions were noted as a result of applying these procedures.

Travel and Expense Reimbursement:

Procedure 17: Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtained management's representation that the listing or general ledger is complete.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 18: Obtained the entity's written policies related to travel and expense reimbursements. Compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 19: Used the listing or general ledger from procedure 17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity did not have written policies, compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.

Results: No exceptions were noted as a result of applying these procedures.

- b) Reported whether each expense was supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Results: No exceptions were noted as a result of applying these procedures.

- c) Compared the entity'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 reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: No exceptions were noted as a result of applying these procedures.

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

Results: No exceptions were noted as a result of applying these procedures.

Contracts:

Procedure 20: Obtained a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtained management's representation that the listing or general ledger is complete.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 21: Used the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtained the related contracts and paid invoices and:

- a) Reported whether there was a formal/written contract that supported the services arrangement and the amount paid.

Results: No exceptions were noted as a result of applying these procedures.

- b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Reported whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Results: No exceptions were noted as a result of applying these procedures to the formal/written contracts.

- c) Reported whether the contract was amended. If so, reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Results: No exceptions were noted as a result of applying these procedures.

- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compare the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.

Results: No exceptions were noted as a result of applying these procedures.

- e) Obtained/reviewed contract documentation and board minutes and reported whether there was documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: Not applicable, board approval is not required by policy or law.

Payroll and Personnel:

Procedure 22: Obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly selected five employees/officials, obtained their personnel files, and:

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

Results: No exceptions were noted as a result of applying these procedures.

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

Results: No exceptions were noted as a result of applying these procedures.

Procedure 23: Obtained attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly selected 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Results: No exceptions were noted as a result of applying these procedures.

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

Results: No exceptions were noted as a result of applying these procedures.

- c) Reported whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 24: Obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 25: Obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Reported 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.

Results: No exceptions were noted as a result of applying these procedures.

Ethics:

Procedure 26: Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 27: Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether the management's actions complied with the entity's ethics policy. Report whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: No exceptions were noted as a result of applying these procedures.

Debt Service:

Procedure 28: If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: Not applicable – no debt service.

Procedure 29: If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: Not applicable – no debt service

Procedure 30: If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal year. Also, report any millages that continue to be received for debt that has been paid off.

Results: Not applicable – no debt service

Other:

Procedure 31: Inquired of management whether the entity had any misappropriations of public funds or assets. If so, obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions were noted as a result of applying these procedures.

**The Board of Directors of the
Housing Authority of the
City of Westwego, Louisiana and the
Louisiana Legislative Auditor
December 27, 2017
Page 14**

Procedure 32: Observed and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were noted as a result of applying these procedures.

Procedure 33: If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, reported the nature of each exception.

Results: No exceptions were noted as a result of applying these procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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 C/C areas identified in the SAUPs, 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 LLA as a public document.

Paciera, Gautreau & Priest LLC

Metairie, Louisiana
December 27, 2017