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**Housing Authority of the City of Alexandria
Alexandria, Louisiana**
Annual Financial Report
As of and for the Year Ended June 30, 1998

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

Release Date 10-21-98

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 1998**

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**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Annual Financial Report
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**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

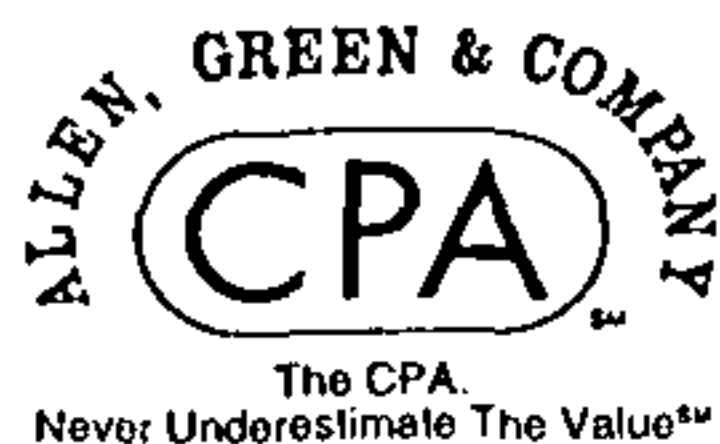
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ALLEN, GREEN & COMPANY, LLP

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

We have audited the accompanying GENERAL-PURPOSE FINANCIAL STATEMENTS of the Housing Authority of the City of Alexandria, Louisiana, as of and for the year ended June 30, 1998, as listed in the foregoing table of contents. These general-purpose financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Alexandria, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 21, 1998 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Housing Authority of the City of Alexandria, taken as a whole. The accompanying SUPPLEMENTAL INFORMATION listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Also, the accompanying OTHER INFORMATION, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

Allen Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
August 21, 1998

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
June 30, 1998

*****GOVERNMENTAL FUNDS*****			
	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS
ASSETS AND OTHER DEBITS			
Assets			
Cash and cash equivalents	\$ 668,793	\$ 1,745,560	\$ 0
Receivables	21,498	122,642	129,548
Interfund receivable	393,397	191,295	0
Prepaid items	79,071	19,644	0
Inventory	19,893	0	0
Land, buildings, and equipment	0	0	0
Other debits			
Amount to be provided for retirement of general Long-term obligations	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 1,182,652	\$ 2,079,141	\$ 129,548
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payables	\$ 14,043	\$ 698,441	\$ 129,088
Interfund payable	64,305	519,927	460
Deposits due others	0	0	0
Accrued Liabilities	191,744	2	0
Deferred revenues	77,683	20	0
Compensated absences payable	0	0	0
Notes and bonds payable	0	0	0
Total Liabilities	\$ 347,775	\$ 1,218,390	\$ 129,548
Equity and Other Credits			
Investment in general fixed assets	\$ 0	\$ 0	\$ 0
Retained earnings (deficit)	0	0	0
Fund balances:			
Reserved for prepaid items	79,071	19,644	0
Reserved for inventory	19,893	0	0
Unreserved and undesignated	735,913	841,107	0
Total Equity and Other Credits	\$ 834,877	\$ 860,751	\$ 0
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 1,182,652	\$ 2,079,141	\$ 129,548

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Statement A

PROPRIETARY FUND- INTERNAL SERVICE	FIDUCIARY FUNDS - AGENCY FUNDS	*****ACCOUNT GROUPS*****		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
\$ 24,618	\$ 34,330	\$ 0	\$ 0	\$ 2,473,301
0	0	0	0	273,688
0	0	0	0	584,692
0	0	0	0	98,715
0	0	0	0	19,893
0	0	36,568,252	0	36,568,252
0	0	0	6,928,270	6,928,270
<u>\$ 24,618</u>	<u>\$ 34,330</u>	<u>\$ 36,568,252</u>	<u>\$ 6,928,270</u>	<u>\$ 46,946,811</u>
\$ 36,842	\$ 0	\$ 0	\$ 0	\$ 878,414
0	0	0	0	584,692
0	34,330	0	0	34,330
0	0	0	0	191,746
0	0	0	0	77,703
0	0	0	71,811	71,811
0	0	0	6,856,459	6,856,459
<u>\$ 36,842</u>	<u>\$ 34,330</u>	<u>\$ 0</u>	<u>\$ 6,928,270</u>	<u>\$ 8,695,155</u>
\$ 0	\$ 0	\$ 36,568,252	\$ 0	\$ 36,568,252
(12,224)	0	0	0	(12,224)
0	0	0	0	98,715
0	0	0	0	19,893
0	0	0	0	1,577,020
<u>\$ (12,224)</u>	<u>\$ 0</u>	<u>\$ 36,568,252</u>	<u>\$ 0</u>	<u>\$ 38,251,656</u>
<u>\$ 24,618</u>	<u>\$ 34,330</u>	<u>\$ 36,568,252</u>	<u>\$ 6,928,270</u>	<u>\$ 46,946,811</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1998

Statement B

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES				
Local sources:				
Dwelling rental	\$ 492,578	\$ 21,696	\$ 0	\$ 514,274
Interest earnings	27,621	82,889	0	110,510
Other	99,993	49,364	0	149,357
Federal sources:				
Operating subsidy	1,030,279	0	0	1,030,279
Grants	0	2,025,427	1,104,514	3,129,941
	<u>1,650,471</u>	<u>2,179,376</u>	<u>1,104,514</u>	<u>4,934,361</u>
Total revenues	\$ 1,650,471	\$ 2,179,376	\$ 1,104,514	\$ 4,934,361
EXPENDITURES				
Current:				
Administration	\$ 419,501	\$ 223,123	\$ 0	\$ 642,624
Utilities	72,535	5,397	0	77,932
Ordinary maintenance & operations	450,043	22,207	0	472,250
Protective services	125,451	424	0	125,875
General expenditures	404,711	103,785	0	508,496
Housing assistance payments	0	1,745,771	0	1,745,771
Facilities acquisition and construction	30,483	31,365	1,104,514	1,166,362
	<u>1,502,724</u>	<u>2,132,072</u>	<u>1,104,514</u>	<u>4,739,310</u>
Total expenditures	\$ 1,502,724	\$ 2,132,072	\$ 1,104,514	\$ 4,739,310
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 147,747</u>	<u>\$ 47,304</u>	<u>\$ 0</u>	<u>\$ 195,051</u>
FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 642,274	\$ 983,161	\$ 0	\$ 1,625,435
PRIOR PERIOD ADJUSTMENT	<u>44,856</u>	<u>(169,714)</u>	<u>0</u>	<u>(124,858)</u>
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	<u>\$ 687,130</u>	<u>\$ 813,447</u>	<u>\$ 0</u>	<u>\$ 1,500,577</u>
FUND BALANCES AT END OF YEAR	<u>\$ 834,877</u>	<u>\$ 860,751</u>	<u>\$ 0</u>	<u>\$ 1,695,628</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

GOVERNMENTAL FUNDS - GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
In Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1998

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Dwelling rental	\$ 409,502	\$ 492,578	\$ 83,076
Interest earnings	29,078	27,621	(1,457)
Other	106,800	99,993	(6,807)
Federal sources:			
Operating subsidy	<u>1,057,021</u>	<u>1,030,279</u>	<u>(26,742)</u>
Total revenues	<u>\$ 1,602,401</u>	<u>\$ 1,650,471</u>	<u>\$ 48,070</u>
EXPENDITURES			
Current:			
Administration	\$ 409,930	\$ 419,501	\$ (9,571)
Utilities	84,850	72,535	12,315
Ordinary maintenance & operations	443,029	450,043	(7,014)
Protective services	126,600	125,451	1,149
General expenditures	470,209	404,711	65,498
Facilities acquisition and construction	<u>38,135</u>	<u>30,483</u>	<u>7,652</u>
Total expenditures	<u>\$ 1,572,753</u>	<u>\$ 1,502,724</u>	<u>\$ 70,029</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 29,648</u>	<u>\$ 147,747</u>	<u>\$ 118,099</u>
FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 642,274	\$ 642,274	0
PRIOR PERIOD ADJUSTMENT	<u>0</u>	<u>44,856</u>	<u>44,856</u>
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	<u>\$ 642,274</u>	<u>\$ 687,130</u>	<u>\$ 44,856</u>
FUND BALANCES AT END OF YEAR	<u>\$ 671,922</u>	<u>\$ 834,877</u>	<u>\$ 162,955</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combined Statement of Revenues, Expenditures, and Changes
In Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1998

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Dwelling rental	\$ 0	\$ 0	\$ 0
Interest earnings	0	81,439	81,439
Other	0	49,294	49,294
Federal sources:			
Grants	<u>2,262,400</u>	<u>1,992,736</u>	<u>(269,664)</u>
Total revenues	<u>\$ 2,262,400</u>	<u>\$ 2,123,469</u>	<u>\$ (138,931)</u>
EXPENDITURES			
Current:			
Administration	\$ 284,286	\$ 282,366	\$ 1,920
Housing assistance payments	1,978,114	1,745,771	232,343
Facilities acquisition and construction	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>\$ 2,262,400</u>	<u>\$ 2,028,137</u>	<u>\$ 234,263</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 0</u>	<u>\$ 95,332</u>	<u>\$ 95,332</u>
FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 762,352	\$ 762,352	\$ 0
PRIOR PERIOD ADJUSTMENT	<u>0</u>	<u>(169,714)</u>	<u>(169,714)</u>
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	<u>\$ 762,352</u>	<u>\$ 592,638</u>	<u>\$ (169,714)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 762,352</u>	<u>\$ 687,970</u>	<u>\$ (74,382)</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

PROPRIETARY FUND - INTERNAL SERVICE
Statement of Revenues, Expenses, and
Changes in Retained Earnings (Deficit)
For the Year Ended June 30, 1998

Statement D

OPERATING REVENUE	
Premiums	\$ <u>148,160</u>
OPERATING EXPENSES	
Administration	\$ 68,703
Claims	<u>108,886</u>
Total operating expenses	\$ <u>177,589</u>
Operating income (loss)	\$ (29,429)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>17,205</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	\$ <u>(12,224)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

PROPRIETARY FUND - INTERNAL SERVICE
Statement of Cash Flows
For the Year Ended June 30, 1998

Statement E

CASH FLOW FROM OPERATING ACTIVITIES

Operating income (loss)	\$ (29,429)
Adjustments to reconcile operating income to net cash provided (used) for operating activities	
Increase (decrease) in payable	19,764
(Increase) decrease in receivable	<u>0</u>
Net cash provided (used) for operating activities	\$ (9,665)

CASH AND CASH EQUIVALENTS AT
BEGINNING OF YEAR

34,283

CASH AND CASH EQUIVALENTS AT
END OF YEAR

\$ 24,618

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

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**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Housing Authorities are chartered as public corporations under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority of the City of Alexandria is governed by a five-member board of commissioners. The members, appointed by the Honorable Mayor of the city of Alexandria, serve a staggered term of five years.

The Housing Authority has the following units:

PHA Owned Housing	FW 1142	772
Section 8		
Rental Certificates	FW 2069	551
Moderate Rehab #1	FW 2069	30
Moderate Rehab #2	FW 2069	20
Moderate Rehab #3	FW 2069	41
Rental Vouchers	FW 2221	208
Department of Transportation and Development		12

The accompanying financial statements of the Housing Authority of the City of Alexandria have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The Housing Authority also has no *component units*, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Housing Authority members are financially accountable.

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

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the Housing Authority, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

B. FUNDS AND ACCOUNT GROUPS

The accounts of the Housing Authority are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The funds of the Housing Authority are classified into three categories: governmental, proprietary and fiduciary. In turn, each category is divided into fund types. The fund and account group classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds account for all or most of the Housing Authority's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund — the primary operating fund of the Housing Authority. It accounts for all financial resources of the Housing Authority, except those required to be accounted for in another fund. The general fund includes transactions of the low rent housing assistance programs.

Special Revenue Funds — account for the revenue sources that are legally restricted to expenditures for specified purposes (not including major capital projects). Special revenue funds contain transactions of the various Section 8 Housing Assistance Programs, the Drug Elimination Program and the Department of Transportation program administered by the Housing Authority.

Capital Project Funds — account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not being financed by proprietary or nonexpendable trust funds. Capital projects funds contain transactions relating to active comprehensive grant programs.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUNDS AND ACCOUNT GROUPS (Continued)

Proprietary Funds Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund includes the following:

Internal Service Fund — accounts for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. This fund accounts for transactions of the Group Health Self-Insurance Fund.

Fiduciary Funds Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Housing Authority. Fiduciary funds include the following:

Tenants' Security Deposit Agency Fund — The tenants' security deposits agency fund accounts for assets held by the Housing Authority as an agent for the individual tenants.

Account Groups

The *general fixed assets account group* is used to account for fixed assets not accounted for in proprietary or trust funds.

The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Revenues — Federal entitlements are recorded as unrestricted grants-in-aid when available and measurable. Federal restricted grants are recorded when the reimbursable expenditures have been incurred.

Rental income is recorded in the month earned.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest income on interest bearing demand deposits is recorded each month when credited by the bank to the account.

Substantially all other revenues are recorded when they become available to the Housing Authority.

Expenditures — Salaries are recorded as expenditures when incurred.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are consumed.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

Principal and interest on general long-term debt are recognized when incurred.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses) Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

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

Fiduciary Funds The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for rental security deposits that the Housing Authority holds for others in an agency capacity.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS

General Budget Policies

The Housing Authority adopted budgets for the general fund, the special revenue funds (excluding the DOT Fund), and the capital project funds. The capital project funds budget to actual comparison has not been included since the capital project is a multiple-year endeavor. The Drug Elimination fund budget is a multiple-year endeavor and also is not included.

State statute requires that budgets be adopted for the general fund and all special revenue funds. A budget was not adopted for the DOT special revenue fund which is a violation of state statute.

HUD approves all budgets adopted by the Housing Authority. All appropriations lapse at year-end.

Encumbrances

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budget integration (within the accounting records) is employed as a management control device.

Budget Basis of Accounting

The budgets are prepared on the modified accrual basis of accounting. The Executive Director is authorized to transfer amounts between line items within any fund, provided such does not change the total of any function. However, when actual revenues within a fund fail to meet budgeted revenues by five percent or more and/or actual expenditures within a fund exceed budgeted expenditures by five percent or more, a budget amendment is adopted by the Housing Authority in an open meeting as required by Louisiana Revised Statute. Budget amounts included in the accompanying financial statements are the original adopted budgets. No amendments were made during the year.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

G. INVENTORY

All purchased inventory items are valued at cost using first-in, first-out method. Purchased inventories are offset by a fund balance reserve which indicates that these do not constitute "available spendable resources," even though they are a component of total assets. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenditures are charged when the items are consumed.

H. PREPAID ITEMS

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

I. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Assets in the general fixed assets account group are not depreciated.

J. DEFERRED REVENUES

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

K. COMPENSATED ABSENCES

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

M. FUND EQUITY

Reservations represent those portions of fund balance that are not appropriable for expenditures or legally segregated for a specific future use.

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. MEMORANDUM ONLY - TOTAL COLUMNS

The total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

P. USE OF ESTIMATES

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

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Material Violations of Finance-Related Legal and Contractual Provisions

State statute requires that budgets be adopted for the general fund and all special revenue funds. A budget was not adopted for the DOT special revenue fund which is a violation of state statute.

B. Deficit Fund Balances/Retained Earnings

The following funds have a deficit in the fund balance at June 30, 1998:

<u>Fund</u>	<u>Deficit Amount</u>
Special revenue funds:	
MOD Rehab #2	\$17,643
MOD Rehab #3	60,932
Proprietary fund:	
Internal service fund	12,224

Management expects to correct these deficits by a transfer from the general fund in the 1998-1999 fiscal year.

NOTE 3 - BUDGET TO ACTUAL RECONCILIATION

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual for the Special Revenue Funds does not include the DOT fund or the Drug Elimination fund. A budget was not adopted for the DOT fund and the budget for the Drug Elimination fund is a multiple year budget. Following is a reconciliation in summary form of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement B) to the Combined Statement of Revenues, Expenditures, and changes in Fund Balances - Budget (GAAP Basis) and Actual (Statement C) for the year ended June 30, 1998:

	<u>Statement C Special Revenue Funds</u>	<u>Add: DOT Fund</u>	<u>Add: Drug Elimination Fund</u>	<u>Total Statement B</u>
Total revenues	\$ 2,123,469	\$ 23,216	\$32,691	\$ 2,179,376
Total expenditures	<u>2,028,137</u>	<u>71,244</u>	<u>32,691</u>	<u>2,132,072</u>
Excess (deficiency) of revenues over expenditures	<u>95,332</u>	<u>(48,028)</u>	<u>-</u>	<u>47,304</u>
Fund balances at beginning of year, as originally stated	762,352	220,809	-	983,161
Prior Period Adjustment	<u>(169,714)</u>	<u>-</u>	<u>-</u>	<u>(169,714)</u>
Fund balances at beginning of year, as restated	<u>592,638</u>	<u>220,809</u>	<u>-</u>	<u>813,447</u>
Fund balance at end of year	<u>\$ 687,970</u>	<u>\$ 172,781</u>	<u>\$ -</u>	<u>\$ 860,751</u>

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 4 - CASH AND CASH EQUIVALENTS

At June 30, 1998, the Housing Authority has cash and cash equivalents (book balances) totaling 2,473,301 as follows:

Demand deposit	\$ 254,745
Interest-bearing demand deposits	2,193,058
Cash on hand	880
Cash held by third party administrator	<u>24,618</u>
 Total Cash and Cash equivalents	 <u><u>\$2,473,301</u></u>

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. 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 year-end, the Housing Authority's carrying amount of deposits was \$2,473,301 and the bank balance was \$2,476,247. Of the bank balance, \$100,000 was covered by federal depository insurance or by collateral held by the Housing Authority's agent in the Housing Authority's name (GASB Category 1). The remaining balance, \$2,376,247 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, 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.

NOTE 5 - RECEIVABLES

The receivables of \$273,688 at June 30, 1998, are as follows:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
Local sources:				
Tenants	\$21,498	\$ 6,671	\$ -	\$ 28,169
Federal sources:				
Due from HUD	<u>-</u>	<u>115,971</u>	<u>129,548</u>	<u>245,519</u>
 Total	 <u><u>\$21,498</u></u>	 <u><u>\$122,642</u></u>	 <u><u>\$129,548</u></u>	 <u><u>\$273,688</u></u>

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 6 - FIXED ASSETS

The changes in general fixed assets are as follows:

	Balance <u>July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance <u>June 30, 1998</u>
Land	\$ 677,682	\$ -	\$ -	\$ -	\$ 677,682
Buildings and Improvements	29,230,688	-	-	5,110,865	34,341,553
Furniture and equipment	721,671	189,109	57,699	-	853,081
Construction in progress	<u>4,702,287</u>	<u>1,104,514</u>	<u>-</u>	<u>(5,110,865)</u>	<u>695,936</u>
Total	<u>\$35,332,328</u>	<u>\$1,293,623</u>	<u>\$57,699</u>	<u>\$ -</u>	<u>\$36,568,252</u>

NOTE 7 - RETIREMENT SYSTEM

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one year of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 7.0 percent of each participant's basic (excludes overtime) compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. 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's total payroll for year ended June 30, 1998 was \$812,735. The Housing Authority's contributions were calculated using the base salary amount of \$437,266. Both the Housing Authority and the covered employees made the required contributions of \$51,067 for the year ended June 30, 1998.

NOTE 8 - ACCOUNTS PAYABLE

The payables of \$878,414 at June 30, 1998, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Proprietary Fund-Internal Service</u>	<u>Total</u>
Vendors	\$13,975	\$ -	\$129,088	\$36,842	\$179,905
Wages	68	949	-	-	1,017
Due to Other Governments					
Payable to HUD	<u>-</u>	<u>697,492</u>	<u>-</u>	<u>-</u>	<u>697,492</u>
Total	<u>\$14,043</u>	<u>\$698,441</u>	<u>\$129,088</u>	<u>\$36,842</u>	<u>\$878,414</u>

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 9 - COMPENSATED ABSENCES

At June 30, 1998, employees of the Housing Authority have accumulated and vested \$71,811 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is not expected to be paid from current available resources; therefore the liability of \$71,811 is recorded within the general long-term obligations account group.

NOTE 10 - CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

	<u>Balance July 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1998</u>
Agency funds:				
Tenants Security Deposits	<u>\$32,225</u>	<u>\$ 13,345</u>	<u>\$ 11,240</u>	<u>\$34,330</u>

NOTE 11 - GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1998:

	<u>Compensated Absences</u>	<u>Project Notes</u>	<u>Total</u>
Balance, July 1, 1997	\$74,023	\$6,856,459	\$6,930,482
Additions	-	-	-
Deductions	<u>2,212</u>	<u>-</u>	<u>2,212</u>
Balance, June 30, 1998	<u>\$71,811</u>	<u>\$6,856,459</u>	<u>\$6,928,270</u>

Project notes payable consists of the following at June 30, 1998:

	<u>Principal Outstanding June 30, 1998</u>
LA 23-1	\$ 190,313
LA 23-2	111,943
LA 23-903	965,131
LA 23-904	98,640
LA 23-4	1,697,802
LA 23-5	<u>3,792,630</u>
Total	<u>\$6,856,459</u>

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 11 - GENERAL LONG-TERM OBLIGATIONS (Continued)

Project Notes are obligations due HUD. The Debt Forgiveness Act of 1985 forgave these notes. The timing of the official cancellation of the remaining notes is unknown. The Housing Authority has not accrued interest on Project Notes since HUD will eventually forgive the principal and interest amounts. Due to the uncertainty of the outcome of these notes, a schedule of maturities is not presented for the Project Notes.

NOTE 12 - INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables at June 30, 1998 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 393,397	\$ 64,305
Special Revenue Funds:		
Rental Certificates	50,903	262,271
Mod Rehab #1	93,856	106
Mod Rehab #2	26,392	71,613
Mod Rehab #3	2,570	52,616
Rental Vouchers	17,530	93,817
DOT	44	39,504
Capital Project Funds:		
Project LA 23-706	-	460
	<u>\$ 584,692</u>	<u>\$584,692</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Litigation

At June 30, 1998, the Housing Authority was involved in one threatened litigation. It is the opinion of the legal advisor for the Housing Authority that it would not materially affect the financial statements.

Construction Projects

There are certain major construction projects in progress at June 30, 1998. These include modernizing rental units at practically all of the projects. As approved by HUD, these projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Self-Insurance

The Housing Authority is partially self-insured for employee's group and health insurance coverage. Claims are funded through employee contributions and operating funds of the Housing Authority. The Housing Authority maintains stop-loss coverage with an insurance company for claims in excess of \$7,500 per claim for each employee. All known claims filed and an estimate of incurred but not reported claims based on experience of the Housing Authority are made and accrued as necessary in the financial statements.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

Grant Disallowances

The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Year 2000 Compliant

The turn of the century will be an exciting time for many, but could turn into a disaster unless plans have been made concerning year 2000 compliance for many Housing Authorities' computer systems. The basic problem lies in the way most computer software, both operating systems and application programs, calculate dates. Most programs use two digits to represent the last two years of the 19XX dates, therefore the programs are conditioned to expect dates between the year 1900 and 1999. If dates for the year 2000 are entered into these noncompliant programs, the programs will assume the year 2000 to be the year 1900. Many arithmetic calculations, such as due dates and interest calculations, will therefore be incorrect. The impact of this problem, if not corrected, could be that the entire computing system would cease to function. This would obviously cause tremendous problems in important areas such as accounts payable and payroll just to name a few.

The Housing Authority's management doesn't expect this matter to have any significant disruption or material financial impact to the Housing Authority.

NOTE 14 - 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. The Housing Authority established a risk management program for employee's group health insurance in 1992. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the general fund. As of June 30, 1998, such interfund premiums did not exceed reimbursable expenditures. Interfund premiums are based primarily upon the individual funds' payroll and are reported as expenditures in the individual funds.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1998**

NOTE 14 - RISK MANAGEMENT (Continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$7,500. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the *effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors*. The liability for claims and judgments is reported in the general fund because it is expected to be liquidated with expendable available financial resources. Changes in the balances of claims liabilities during the past year are as follows:

	<u>Current Year</u>	<u>Prior Year</u>
Unpaid claims, beginning of fiscal year	\$ 17,078	\$ 8,785
Incurred claims (including IBNRs)	105,564	101,688
Claim payments	85,800	93,395
Unpaid claims, end of fiscal year	36,842	17,078

NOTE 15 - PRIOR PERIOD ADJUSTMENT

The fund balance of the general fund was restated to reflect an error which occurred at June 30, 1997, in the conversion of the HUD basis financial statements to GAAP (generally accepted accounting principles) basis. Expenditures were overstated \$44,856 for the year ended June 30, 1997.

The fund balance of the special revenue funds was restated to reflect an error which occurred at June 30, 1997, in the conversion of the HUD basis financial statements to GAAP (generally accepted accounting principles) basis and to reflect adjustments made by HUD on settlement statements covering the years ended June 30, 1995, through June 30, 1997.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

SUPPLEMENTAL INFORMATION

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

SPECIAL REVENUE FUNDS

RENTAL CERTIFICATES

Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for low-income families in private market rental units at rents they can afford. This is primarily a tenant-based rental assistance program through which participants are assisted in rental units of their choice; however, a public housing agency may also attach up to 15 percent of its certificate funding to rehabilitated or newly constructed units under a project-based component of the program. All assisted units must meet program guidelines. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the family's required contribution towards rent. Assisted families must pay the highest of 30 percent of the monthly adjusted family income, 10 percent of gross monthly family income, or the portion of welfare assistance designated for the monthly housing cost of the family.

MOD REHAB #1, #2 AND #3

Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for very low-income families at rents they can afford. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent. Assisted families must pay the highest of 30 percent of their monthly adjusted family income, 10 percent of gross family income, or the portion of welfare assistance designated for housing toward rent.

RENTAL VOUCHERS

Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for very low-income families at rents they can afford. Housing assistance payments are generally the difference between the local payment standard and 30 percent of the family's adjusted income. The family has to pay at least 10 percent of gross monthly income for rent.

DOT

This fund originated from the displacement of homes caused by the construction of Interstate 49. The fund consists of rental income and expenses of approximately twenty single family rental units scattered throughout Rapides Parish. The fund also accounts for proceeds from the sale of rental units.

DRUG ELIMINATION

The purposes of the Public Housing Drug Elimination Program are to: (a) eliminate drug-related crime in and around the real property comprising public housing projects; (b) encourage Public Housing Agencies (PHAs) and Indian Housing Authorities (IHAs) to develop a plan that includes initiatives that can be sustained over a period of several years for addressing the problem of drug-related crime in and around the premises of the Public and Indian housing projects proposed for funding under this part, and; (c) make available federal grants to help PHAs and IHAs carry out their plans.

Grant funds may be used for the following activities designed to reduce drug-related crime: (1) employment of security personnel; (2) reimbursement of local law enforcement agencies for additional security and protective services; (3) physical improvements designed to enhance security; (4) the employment of one or more individuals to investigate drug-related crime; (5) training, communications equipment, and other related equipment; (6) programs designed to reduce use of drugs in and around Public and Indian housing projects, including drug prevention, intervention, referral, and treatment programs, and; (7) providing funding to develop security and drug abuse prevention programs involving site residents.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1998

	<u>RENTAL CERTIFICATES</u>	<u>MOD REHAB #1</u>	<u>MOD REHAB #2</u>
ASSETS			
Cash and cash equivalents	\$ 955,528	\$ 55,930	\$ 107,431
Receivables	1,937	0	0
Interfund receivable	50,903	93,856	26,392
Prepaid items	<u>9,690</u>	<u>0</u>	<u>0</u>
 TOTAL ASSETS	 <u>\$ 1,018,058</u>	 <u>\$ 149,786</u>	 <u>\$ 133,823</u>
 LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payables	\$ 259,162	\$ 124,600	\$ 79,853
Interfund payable	262,271	106	71,613
Accrued liabilities	0	0	0
Deferred revenues	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>\$ 521,433</u>	 <u>\$ 124,706</u>	 <u>\$ 151,466</u>
 Fund equity			
Fund balances:			
Reserved for prepaid items	\$ 9,690	0	0
Unreserved-undesignated	<u>486,935</u>	<u>25,080</u>	<u>(17,643)</u>
 Total Equity	 <u>\$ 496,625</u>	 <u>\$ 25,080</u>	 <u>\$ (17,643)</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 1,018,058</u>	 <u>\$ 149,786</u>	 <u>\$ 133,823</u>

Exhibit 1

MOD REHAB #3	RENTAL VOUCHERS	DOT	DRUG ELIMINATION	TOTAL
\$ 31,306	\$ 387,951	\$ 207,414	\$ 0	\$ 1,745,560
1,562	117,618	1,525	0	122,642
2,570	17,530	44	0	191,295
619	5,082	4,253	0	19,644
<u>\$ 36,057</u>	<u>\$ 528,181</u>	<u>\$ 213,236</u>	<u>\$ 0</u>	<u>\$ 2,079,141</u>
\$ 44,353	\$ 189,524	\$ 949	\$ 0	\$ 698,441
52,616	93,817	39,504	0	519,927
0	0	2	0	2
20	0	0	0	20
<u>\$ 96,989</u>	<u>\$ 283,341</u>	<u>\$ 40,455</u>	<u>\$ 0</u>	<u>\$ 1,218,390</u>
\$ 619	\$ 5,082	\$ 4,253	\$ 0	\$ 19,644
(61,551)	239,758	168,528	0	841,107
<u>\$ (60,932)</u>	<u>\$ 244,840</u>	<u>\$ 172,781</u>	<u>\$ 0</u>	<u>\$ 860,751</u>
<u>\$ 36,057</u>	<u>\$ 528,181</u>	<u>\$ 213,236</u>	<u>\$ 0</u>	<u>\$ 2,079,141</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Deficit)
For the Year Ended June 30, 1998

	<u>RENTAL CERTIFICATES</u>	<u>MOD REHAB #1</u>	<u>MOD REHAB #2</u>
REVENUES			
Local sources:			
Dwelling rental	\$ 0	\$ 0	\$ 0
Interest earnings	54,583	975	1,627
Other	0	49,294	0
Federal sources:			
Grants	<u>1,291,627</u>	<u>1,154</u>	<u>2,757</u>
TOTAL REVENUES	<u>\$ 1,346,210</u>	<u>\$ 51,423</u>	<u>\$ 4,384</u>
EXPENDITURES			
Current:			
Administration	\$ 127,988	\$ 2,880	\$ 1,569
Utilities	3,508	59	54
Ordinary maintenance & operations	11,472	298	262
Protective services	280	4	5
General expenditures	41,516	1,005	632
Housing assistance payments	1,129,430	1,017	2,346
Facilities acquisition and construction	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>\$ 1,314,194</u>	<u>\$ 5,263</u>	<u>\$ 4,868</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 32,016</u>	<u>\$ 46,160</u>	<u>\$ (484)</u>
FUND BALANCES (Deficit) AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 511,014	\$ (4,770)	\$ 10,149
PRIOR PERIOD ADJUSTMENT	<u>(46,405)</u>	<u>(16,310)</u>	<u>(27,308)</u>
FUND BALANCES (Deficit) AT BEGINNING OF YEAR, AS RESTATED	<u>\$ 464,609</u>	<u>\$ (21,080)</u>	<u>\$ (17,159)</u>
FUND BALANCES (Deficit) AT END OF YEAR	<u>\$ 496,625</u>	<u>\$ 25,080</u>	<u>\$ (17,643)</u>

Exhibit 2

MOD REHAB #3	RENTAL VOUCHERS	DOT	DRUG ELIMINATION	TOTAL
\$ 0	\$ 0	\$ 21,696	\$ 0	\$ 21,696
3,387	20,867	1,450	0	82,889
0	0	70	0	49,364
98,308	598,890	0	32,691	2,025,427
\$ 101,695	\$ 619,757	\$ 23,216	\$ 32,691	\$ 2,179,376
\$ 7,802	\$ 55,189	\$ 27,695	\$ 0	\$ 223,123
246	1,530	0	0	5,397
814	4,616	4,745	0	22,207
19	116	0	0	424
2,784	17,718	7,439	32,691	103,785
86,376	526,602	0	0	1,745,771
0	0	31,365	0	31,365
\$ 98,041	\$ 605,771	\$ 71,244	\$ 32,691	\$ 2,132,072
\$ 3,654	\$ 13,986	\$ (48,028)	\$ 0	\$ 47,304
\$ 5,948	\$ 1,304,662	\$ 220,809	\$ 0	\$ 2,047,812
(70,534)	(1,073,808)	0	0	(1,234,365)
\$ (64,586)	\$ 230,854	\$ 220,809	\$ 0	\$ 813,447
\$ (60,932)	\$ 244,840	\$ 172,781	\$ 0	\$ 860,751

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

CAPITAL PROJECT FUNDS

PROJECT LA 23-704

Project LA 23-704 is a federal (HUD) funded "Comprehensive Grant Program."

PROJECT LA 23-705

Project LA 23-705 is a federal (HUD) funded "Comprehensive Grant Program."

PROJECT LA 23-706

Project LA 23-706 is a federal (HUD) funded "Comprehensive Grant Program."

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

CAPITAL PROJECT FUNDS
Combining Balance Sheet
June 30, 1998

Exhibit 3

	PROJECT LA 23-704	PROJECT LA 23-705	PROJECT LA 23-706	TOTAL
ASSETS				
Cash	\$ 0	\$ 0	\$ 0	0
Receivables	0	0	129,548	129,548
Total assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 129,548</u>	<u>\$ 129,548</u>
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payables	\$ 0	\$ 0	\$ 129,088	129,088
Interfund payable	0	0	460	460
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 129,548</u>	<u>\$ 129,548</u>
Fund Equity - fund balances:				
Undesignated	0	0	0	0
Total Liabilities and Fund Equity	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 129,548</u>	<u>\$ 129,548</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

CAPITAL PROJECT FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1998

Exhibit 4

	<u>PROJECT</u> <u>LA 23-704</u>	<u>PROJECT</u> <u>LA 23-705</u>	<u>PROJECT</u> <u>LA 23-706</u>	<u>TOTAL</u>
REVENUES				
Federal Grants	\$ 25,925	\$ 382,653	\$ 695,936	\$ 1,104,514
Total revenues	\$ 25,925	\$ 382,653	\$ 695,936	\$ 1,104,514
EXPENDITURES				
Current:				
Facilities acquisition and construction	\$ 25,925	\$ 382,653	\$ 695,936	\$ 1,104,514
Total expenditures	\$ 25,925	\$ 382,653	\$ 695,936	\$ 1,104,514
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0	0
FUND BALANCE AT BEGINNING OF YEAR	0	0	0	0
FUND BALANCE AT END OF YEAR	\$ 0	\$ 0	\$ 0	0

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

AGENCY FUNDS

TENANTS' SECURITY DEPOSITS AGENCY FUND

The activities of the various tenant security deposits accounts are accounted for in the Tenants' Security Deposit Agency Fund. While the accounts are under the supervision of the Housing Authority, they belong to the tenants and are not available for use by the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SCHEDULE OF CHANGES IN DEPOSITS DUE OTHERS
Tenants' Security Deposits
For the Year Ended June 30, 1998

Exhibit 5

PROJECT	Balance, Beginning	Additions	Deductions	Balance, Ending
LA 23-1	\$ 5,130	\$ 2,315	\$ 2,080	\$ 5,365
LA 23-2	2,695	555	600	2,650
LA 23-3	19,780	9,115	7,220	21,675
LA 23-4	1,230	375	300	1,305
LA 23-5	2,640	910	1,040	2,510
DOT	<u>750</u>	<u>75</u>	<u>0</u>	<u>825</u>
Total	<u>\$ 32,225</u>	<u>\$ 13,345</u>	<u>\$ 11,240</u>	<u>\$ 34,330</u>

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

GENERAL

COMPENSATION PAID BOARD MEMBERS

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

Mr. Samuel McKay

Chairman

Mr. Henry (Hank) Lazarone

Vice Chairman

Mr. Joseph Belvin

Mr. Jack Courtney

Mr. Morris W. Doss

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

ANALYSIS OF SURPLUS
STATUTORY BASIS
June 30, 1998

Exhibit 6

PHA OWNED HOUSING (ACC 1142)

UNRESERVED SURPLUS

BALANCE, BEGINNING	\$ (34,148,011)
NET LOSS	(855,505)
(Provision for) Reduction of operating reserve	<u>(131,810)</u>
BALANCE, ENDING	<u>\$ (35,135,326)</u>

OPERATING RESERVE

BALANCE, BEGINNING	\$ 610,474
Provision for (Reduction of) Operating Reserve	<u>131,810</u>
BALANCE, ENDING	<u>\$ 742,284</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

ANALYSIS OF SURPLUS
STATUTORY BASIS
June 30, 1998

Exhibit 6

PHA OWNED HOUSING (ACC 1142)

CUMULATIVE HUD CONTRIBUTION

BALANCE, BEGINNING	\$ 36,017,637
Operating subsidy	<u>1,030,279</u>
BALANCE, ENDING	<u>\$ 37,047,916</u>

CUMULATIVE HUD GRANTS

BALANCE, BEGINNING	\$ 13,978,606
HUD Modernization Grants	<u>1,186,556</u>
BALANCE, ENDING	<u>\$ 15,165,162</u>

CUMULATIVE DONATIONS

BALANCE, BEGINNING	\$ 10,004,783
Additions	<u>0</u>
BALANCE, ENDING	<u>\$ 10,004,783</u>

TOTAL SURPLUS	<u>\$ 27,824,819</u>
---------------	----------------------

(CONCLUDED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

**ANALYSIS OF SURPLUS
STATUTORY BASIS
For the Year Ended June 30, 1998**

Exhibit 7

SECTION 8 - (ACC FW 2069 & 2221)

	RENTAL CERTIFICATES	MOD REHAB #1	MOD REHAB #2	MOD REHAB #3	RENTAL VOUCHERS
UNRESERVED SURPLUS					
Balance Per Prior Audit	\$ (28,686,522)	\$ (1,359,215)	\$ (990,792)	\$ (1,936,431)	\$ (7,988,535)
NET LOSS	(1,236,541)	35,794	(7,122)	(162,685)	(580,843)
Hud adjustment to beginning balance	(2,900,829)	0	0	0	(1,064,651)
(Provision for) Reduction of:					
Operating reserve	30,566	27,890	24,747	(1,756)	(5,908)
Project account	<u>(790,014)</u>	<u>1,154</u>	<u>2,757</u>	<u>19,173</u>	<u>(974,724)</u>
BALANCE, ENDING	<u>\$ (33,583,340)</u>	<u>\$ (1,294,377)</u>	<u>\$ (970,410)</u>	<u>\$ (2,081,699)</u>	<u>\$ (10,614,661)</u>
OPERATING RESERVE					
BALANCE, BEGINNING	\$ 520,934	\$ (4,084)	\$ 10,426	\$ 6,672	\$ 243,786
Hud adjustment to beginning balance	(69,475)	(7,098)	(23,427)	(2,503)	(13,218)
Provision for (Reduction of) Operating Reserve	<u>(30,566)</u>	<u>(27,890)</u>	<u>(24,747)</u>	<u>1,756</u>	<u>5,908</u>
BALANCE, ENDING	<u>\$ 420,893</u>	<u>\$ (39,072)</u>	<u>\$ (37,748)</u>	<u>\$ 5,925</u>	<u>\$ 236,476</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

**ANALYSIS OF SURPLUS
STATUTORY BASIS
For the Year Ended June 30, 1998**

Exhibit 7

SECTION 8 - (ACC FW 2069 & 2221)

	RENTAL CERTIFICATES	MOD REHAB #1	MOD REHAB #2	MOD REHAB #3	RENTAL VOUCHERS
PROJECT ACCOUNT UNFUNDED					
BALANCE, BEGINNING	\$ 6,907,404	\$ 72,778	\$ 201,823	\$ 282,341	\$ 2,425,092
Hud adjustment to beginning balance	2,900,829	0	0	0	1,064,651
Provision for (Reduction of) Project Account Unfunded	<u>790,014</u>	<u>(1,154)</u>	<u>(2,757)</u>	<u>(19,173)</u>	<u>974,724</u>
BALANCE, ENDING	<u>\$ 10,598,247</u>	<u>\$ 71,624</u>	<u>\$ 199,066</u>	<u>\$ 263,168</u>	<u>\$ 4,464,467</u>
CUMULATIVE HUD CONTRIBUTION					
BALANCE, BEGINNING	\$ 21,825,323	\$ 1,288,119	\$ 789,149	\$ 1,662,119	\$ 5,568,043
Annual Contribution Earned Section 8	<u>1,291,627</u>	<u>1,154</u>	<u>2,757</u>	<u>98,308</u>	<u>598,890</u>
BALANCE, ENDING	<u>\$ 23,116,950</u>	<u>\$ 1,289,273</u>	<u>\$ 791,906</u>	<u>\$ 1,760,427</u>	<u>\$ 6,166,933</u>
TOTAL SURPLUS	<u>\$ 552,750</u>	<u>\$ 27,448</u>	<u>\$ (17,186)</u>	<u>\$ (52,179)</u>	<u>\$ 253,215</u>

(CONCLUDED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

**STATEMENT OF CERTIFICATION OF ACTUAL
MODERNIZATION COMPLETED**
June 30, 1998

Exhibit 8

PHA OWNED HOUSING (ACC FW 1142)

1. The actual modernization costs for the completed modernization program costs is as follows:

	PROJECT <u>LA 48P023 704 95</u>	PROJECT <u>LA 48P023 705 96</u>
Funds approved	\$ 1,556,916	\$ 903,871
Funds expended	<u>1,556,916</u>	<u>903,871</u>
Excess of funds approved	<u>\$ 0</u>	<u>\$ 0</u>
Funds advanced	\$ 1,556,916	\$ 903,871
Funds expended	<u>1,556,916</u>	<u>903,871</u>
Excess of funds advanced	<u>\$ 0</u>	<u>\$ 0</u>

2. The distribution of costs as shown on the actual modernization cost certificate dated May 22, 1998 for the Project LA 48P023 704 95 is in agreement with the PHA's records.
3. The distribution of costs as shown on the actual modernization cost certificate dated May 22, 1998 for Project LA 48P023 705 96 is in agreement with the PHA's records
4. All modernization costs have been paid and all related liabilities have been discharged through payment.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

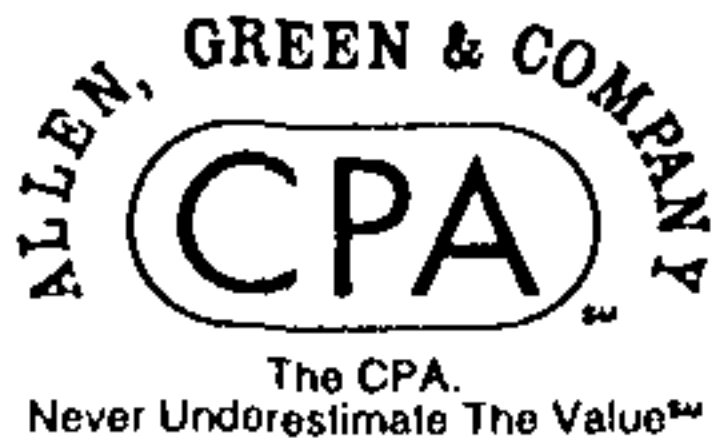
The first report following this page is a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. The section of the report on compliance is based solely on the audit of the general-purpose financial statements and presents, where applicable, compliance matters that would be material to the general-purpose financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.

**OTHER REPORT REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR NO A-133**

The second report following this page contains information on the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular No. A-133. The section of the report on compliance is related to tests of compliance with laws, regulations, contracts and grants relating to federal awards programs. The section of the report on internal control over compliance is, likewise, related to matters that would be significant and/or material to federal awards programs.

ALLEN, GREEN & COMPANY, LLP

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Ernest L. Allen, CPA
(A Professional
Accounting Corp.)

Tim Green, CPA

Margie Williamson, CPA

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

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

We have audited the financial statements of the Housing Authority of the City of Alexandria, Alexandria, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated August 21, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Alexandria's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing 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 an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 98-F1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Alexandria's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Management Letter Items

We noted other matters involving the internal control over financial reporting which we have reported to management of the Housing Authority of the City of Alexandria in a separate letter dated August 21, 1998, included later in this report in the section titled Management Letter Items.

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

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

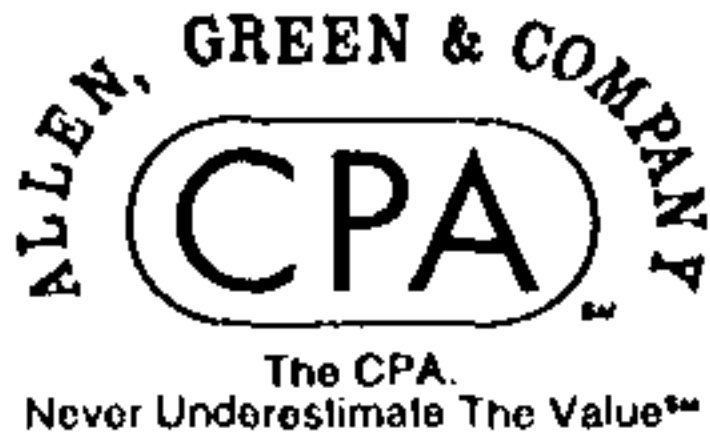
Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
August 21, 1998

ALLEN, GREEN & COMPANY, LLP

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Margie Williamson, CPA

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular No. A-133

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Alexandria, Alexandria, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority'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. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular No. A-133 and which is described in the accompanying schedule of findings and questioned costs as item 98-F2.

Internal Control Over Compliance

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the Housing Authority, as of and for the year ended June 30, 1998, and have issued our report thereon dated August 21, 1998. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
August 21, 1998

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 1998

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR / PROGRAM NAME	CFDA NUMBER	PASS THROUGH GRANTOR NO.	EXPENDITURES
U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			
DIRECT PROGRAMS			
Public and Indian Housing - Operating Subsidy	14.850	FW 1142	\$ <u>1,030,279</u>
Public and Indian Housing - Drug Elimination Program	14.854	FW 1142	\$ <u>32,691</u>
Public and Indian Housing - Comprehensive Grant Program			
LA 23-704	14.859	FW 1142	\$ 25,925
LA 23-705	14.859	FW 1142	382,653
LA 23-706	14.859	FW 1142	<u>695,936</u>
TOTAL PROGRAM			\$ <u>1,104,514</u>
 Section 8 Rental Certificate Program	 14.857	 FW 2069	 \$ <u>1,291,627</u>
Low Income Housing Assistance Program - Section 8 Moderate Rehabilitation			
MOD Rehab #1	14.856	FW 2069	\$ 1,154
MOD Rehab #2	14.856	FW 2069	2,757
MOD Rehab #3	14.856	FW 2069	<u>98,308</u>
TOTAL PROGRAM			\$ <u>102,219</u>
 Section 8 Rental Vouchers	 14.855	 FW 2221	 \$ <u>598,890</u>
TOTAL U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			\$ <u>4,160,220</u>

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1998**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in note 1 to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note 1 to the Housing Authority's general-purpose financial statements.

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

General fund	\$1,030,279
Special revenue funds:	
Rental certificates	1,291,627
MOD Rehab #1	1,154
MOD Rehab #2	2,757
MOD Rehab #3	98,308
Rental vouchers	598,890
Drug elimination	32,691
Capital project funds:	
Project LA23-704	25,925
Project LA23-705	382,653
Project LA23-706	<u>695,936</u>
	<u>\$4,160,220</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1998**

NOTE 5 - FEDERAL AWARDS

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of the Housing Authority bonds or for the Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit Act "federal awards expended" threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

NOTE 6 - INDEBTEDNESS

As of June 30, 1998 the Housing Authority was indebted to the U. S. Department of Housing and Urban Development for project notes of \$6,856,459.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Schedule of Findings and Questioned Costs
As of and For the Year Ended June 30, 1998**

PART I - Summary of the Auditors' Results

Financial statement audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There was an instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed an audit finding which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:
 - CFDA #14.850 Public and Indian Housing - Operating Subsidy
 - Section 8 Cluster
 - CFDA #14.855 Section 8 Rental Voucher Program
 - CFDA #14.856 Section 8 Moderate Rehabilitation Program
 - CFDA #14.857 Section 8 Rental Certificate Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1998**

**PART II - Findings related to the financial statements which are required to be reported in accordance with
Generally Accepted Government Auditing Standards:**

Reference # and title: 98-F1 Budget Adoption

1. **Entity-wide or program/department specific:** This item applies to the Department of Transportation (DOT) fund.
2. **Criteria or specific requirement:** Louisiana Revised Statute 39:1304 requires that a budget be adopted for the general fund and each special revenue fund.
3. **Condition found:** The DOT fund, a special revenue fund of the Housing Authority, did not adopt a budget for the year.
4. **Proper perspective for judging the prevalence and consequences:** The DOT fund accounts for revenues and expenditures of approximately twelve single-family units scattered throughout Rapides Parish. The DOT fund accounted for approximately 1% of total revenue for all special revenue funds for the year and approximately 3% of total expenditures for all special revenue funds for the year.

5. **Possible asserted effect (cause and effect):**

Cause: Unknown.

Effect: The Housing Authority is in violation of state statute.

6. **Recommendations to prevent future occurrences:** The Housing Authority should adopt a budget for the DOT fund annually.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1998**

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

Reference # and title: 98-F2 Cash Management - Section 8

1. Federal program and specific federal award identification:

CFDA Title: Section 8 Cluster CFDA #: 14.856, 14.857
Federal Award #: FW 2221, FW 2069 Federal Award year: 1998
Federal Agency: Department of Housing and Urban Development

Entity-wide or program/department specific: This finding applies to the Section 8 cluster composed of the Section 8 Rental Certificate Program, and the Section 8 Moderate Rehabilitation Program.

2. Criteria or specific requirement: Requirements for cash management of federal funds state "recipients must have procedures in place to reduce the time between receipt and use of funds."

3. Condition found: The Housing Authority had overpayments as detailed below.

<u>Program</u>	<u>Amount</u>
Section 8 Rental Certificate Program	\$230,188
Section 8 Moderate Rehabilitation Program	<u>114,100</u>
Total amount over requested	<u>\$344,288</u>

4. Proper perspective for judging the prevalence and consequences: The above overpayment of \$230,188 in the Section 8 Rental Certificate Program represents approximately 15% of the \$1,521,815 received from HUD for the program for the year. The overpayment of \$114,100 in the Section 8 Moderate Rehabilitation Program is approximately 53% of the \$216,229 received from HUD by the program for the year.

5. Possible asserted effect (cause and effect):

Cause: Unknown.

Effect: The Housing Authority has violated the compliance requirements concerning cash management.

6. Recommendations to prevent future occurrences: The Housing Authority should examine their calculation periodically and file a revised requisition for partial payment of annual contributions if federal funds requested will substantially exceed funds expended.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

Other Information

The information in the following section concerns management's actions or intentions concerning prior and current-year audit findings and is required by U. S. Office of Management and Budget (OMB) Circular No. A-133. This information has been prepared by the management of the Housing Authority of the City of Alexandria. Management accepts full responsibility, as required by OMB Circular No. A-133, for the accuracy of the information. This information has not been audited by the auditors except as required by OMB Circular A No.-133 Section 500(c), and accordingly, no opinion is expressed. Section 500(c) requires the auditor to follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee, and report, as a current-year audit finding when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Summary Schedule of Prior Audit Findings
June 30, 1998**

Finding reference number: **97-1**

Budget Adoption

Initially occurred: Year ended June 30, 1995.

Condition: The Department of Transportation fund (DOT) is a special revenue fund which accounts for revenues and expenditures of approximately twelve single family rental units scattered throughout Rapides Parish. No budget was adopted for this special revenue fund.

Planned corrective action: A budget will be adopted for the DOT fund.

Person responsible for corrective action:

Mr. Carroll Lanier, Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: November 1998.

Finding reference number: **97-2**

Cash Management - Section 8

Initially occurred: Year ended June 30, 1996.

Condition: The year end settlement on the Section 8 programs revealed the following overpayments to the Housing Authority by HUD:

Section 8 Rental Certificate program	\$ 604,086
Section 8 Moderate Rehabilitation program	115,651
Section 8 Rental Voucher program	<u>297,675</u>
 Total amount over requested	 <u><u>\$1,017,412</u></u>

Requirements for cash management of federal funds state "recipients must have procedures in place to reduce the time between receipt and use of funds." The above overpayments reflect several months of operations for each of these Section 8 programs.

Partial corrective action taken: Requisitions for partial payment of annual contributions for the Rental Voucher Program did not exceed funds expended for the year ended June 30, 1998. For the Rental Certificates and the Moderate Rehabilitation Program see Current Year Findings 98-F2.

Person responsible for corrective action:

Mr. Carroll Lanier, Executive Director
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P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Summary Schedule of Prior Audit Findings
June 30, 1998**

Finding reference number: **97-3**

PHMAP Certification

Initially occurred: Year ended June 30, 1997.

Condition: The PHMAP indicators were reviewed and traced to supporting documentation with one exception for Indicator #1(g), total number of vacancy days exempted for modernization. The supporting documentation calculated 62,956 days and the PHMAP form reflected 87,855 days.

Corrective action taken: Supporting documentation agreed to indicators tested on the PHMAP form for the year ended June 30, 1998.

Person responsible for corrective action:

Mr. Carroll Lanier, Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Corrective Action Plan for Current-Year Findings and Questioned Costs
For the Year Ended June 30, 1998**

Reference # and title: **98-F1** **Budget Adoption**

Description: The DOT fund, a special revenue fund of the Housing Authority, did not adopt a budget for the year. The DOT fund accounts for revenues and expenditures of approximately twelve single-family units scattered throughout Rapides Parish. The DOT fund accounted for approximately 1% of total revenue for all special revenue funds for the year and approximately 3% of total expenditures for all special revenue funds for the year.

Corrective action planned: A budget will be adopted for the DOT fund.

Person responsible for corrective action:

Mr. Carroll Lanier, Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: June 30, 1999

Reference # and title: **98-F2** **Cash Management - Section 8**

Description: The Housing Authority had overpayments as detailed below.

<u>Program</u>	<u>Amount</u>
Section 8 Rental Certificate Program	\$230,188
Section 8 Moderate Rehabilitation Program	<u>114,100</u>
Total amount over requested	<u>\$344,288</u>

The above overpayment of \$230,188 in the Section 8 Rental Certificate Program represents approximately 15% of the \$1,521,815 received from HUD for the program for the year. The overpayment of \$114,100 in the Section 8 Moderate Rehabilitation Program is approximately 53% of the \$216,229 received from HUD by the program for the year.

Corrective action planned: A revised requisition for partial payment of annual contributions will be filed if federal funds requested will substantially exceed funds expended.

Person responsible for corrective action:

Mr. Carroll Lanier, Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

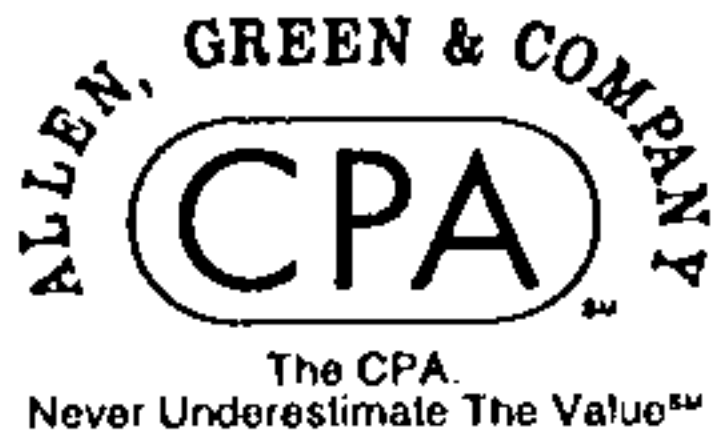
Anticipated completion date: June 30, 1999.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

Management Letter Items

ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS



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Ernest L. Allen, CPA
(A Professional
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Tim Green, CPA

Margie Williamson, CPA

Management Letter

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

In planning and performing our audit of the general-purpose financial statements of the Housing Authority of the City of Alexandria, for the year ended June 30, 1998, we considered the Housing Authority's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report August 21, 1998, on the financial statements of the Housing Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized in the Schedule of Current-Year Management Letter Items presented later in this report.

Included later in this report is management's responses to our current-year management letter items. Management's response can be found in the Corrective Action Plan for the Current-Year Management Letter Items. We have performed no audit work to verify the content of the responses.

Also included immediately following this letter is a Status of Prior Management Letter Items which reflects that no management letter was issued for the prior year.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

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

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
August 21, 1998

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Status of Prior Management Letter Items
June 30, 1998**

No management letter was issued for the year ended June 30, 1997. Accordingly, there are no prior items for which the status need be reported.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Schedule of Management Letter Items
As of and For the Year Ended June 30, 1998**

Finding reference number: 98-M1

Internal Controls

1. **Entity-wide or program/department specific:** This item applies entity-wide.
2. **Criteria or specific requirement:** Strong internal control require procedures to be in place to reduce the likelihood that misstatements which may occur could go undetected in a timely manner by employees performing their normal assigned functions.
3. **Condition found:** *Three concerns were noted during a review of internal controls. First, any employee appears to have access to the computer system and could set up an employee, establish or change the rate of pay, enter or change hours worked, print checks, run checks through the check-signing machine, and mail the checks.*

Also, unused blank checks are not kept in a secure location. Finally, bank statements are not delivered unopened to the employee performing the reconciliation.

4. **Proper perspective for judging the prevalence and consequences:** Even though the employee performing the bank reconciliations does not receive the bank statements unopened, the employee opening the bank statements does not participate in the reconciliation process.
5. **Possible asserted effect (cause and effect):** Internal controls are weakened by the three conditions described above.
6. **Recommendations to prevent future occurrences:** Policies and procedures, such as passwords, should be set up to limit employee access to payroll programs. Adequate segregation of duties should be maintained while establishing these policies and procedures. Also, blank checks should be stored in a secure location and bank statements should be delivered unopened to the employee reconciling the bank statements.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Schedule of Management Letter Items
As of and For the Year Ended June 30, 1998**

Finding reference number: **98-M2**

Credits to Tenant Accounts Receivable

1. **Entity-wide or program/department specific:** This item applies to the low rent program.
2. **Criteria or specific requirement:** Strong internal control over receipts requires documentation of supervisor approval for credits made to accounts receivable.
3. **Condition found:** No approval procedures exist for employees to make credits to accounts receivable.
4. **Possible asserted effect (cause and effect):**

 Cause: Management was not aware approval and documentation of the approval were necessary.

 Effect: Internal controls are weakened.
5. **Recommendations to prevent future occurrences:** All credits to tenant accounts receivable should be approved by a supervisor and documentation of the approval should be maintained.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Schedule of Management Letter Items
As of and For the Year Ended June 30, 1998**

Finding reference number: **98-M3**

Disbursements

1. **Entity-wide or program/department specific:** This item applies to the low-rent program.
2. **Criteria or specific requirement:** All disbursements should be authorized by appropriate personnel and this authorization should be documented. All charges should be necessary for the proper administration of the agency and available credits should be taken advantage of.
3. **Condition found:**
 - A. Eleven items did not show authorization by appropriate personnel on documentation.
 - B. One discount was not taken advantage of.
4. **Proper perspective for judging the prevalence and consequences:** Of \$8,612 disbursements made during the year, 35 were tested.
5. **Possible asserted effect (cause and effect):**

Cause: Change in accounting personnel and accounting systems caused adjustment time.

Effect: Authorization of some items was not documented, one charge was made which did not appear necessary, and one discount was not taken advantage of.
6. **Recommendations to prevent future occurrences:** Make sure all authorizations of disbursements are properly documented, all disbursements should be necessary in order to be authorized for payment, and all available discounts should be taken advantage of.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Corrective Action Plan for Current-Year Management Letter Items
June 30, 1998**

Reference # and title: **98-M1** **Internal Controls**

Description: Three concerns were noted during a review of internal controls. First, any employee appears to have access to the computer system and could set up an employee, establish or change the rate of pay, enter or change hours worked, print checks, run checks through the check-signing machine, and mail the checks. Also, unused blank checks are not kept in a secure location. Finally, bank statements are not delivered unopened to the employee performing the reconciliation.

Corrective action planned: The Housing Authority is in the process of converting to a new software program which will allow for passwords to various modules. Unused check stock will be kept in a secure location and the bank statements will be forwarded to the reconciler unopened.

Person responsible for corrective action:

Mr. Carroll Lanier, Executive Director
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P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: June 30, 1999.

Reference # and title: **98-M2** **Credits to Tenant Accounts Receivable**

Description: No approval procedures are necessary for employees to make credits to accounts receivable.

Corrective action planned: The Housing Authority is in the process of converting to a new software program. Credits to tenants' accounts receivable can be approved only by the Executive Director on the new system.

Person responsible for corrective action:

Mr. Carroll Lanier, Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
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Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: June 30, 1999.

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Corrective Action Plan for Current-Year Management Letter Items
June 30, 1998**

Reference # and title: **98-M3** **Disbursements**

Description:

- A. Eleven items did not show authorization by appropriate personnel on documentation.
- B. One discount was not taken advantage of.

Corrective action planned: Invoices will be reviewed carefully before payment to ensure proper approval and to ensure discounts are used.

Person responsible for corrective action:

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P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: June 30, 1999.