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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, 1999

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Release Date 3-1-00

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

**Annual Financial Report
As of and for the Year Ended June 30, 1999**

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Housing Authority of the City of Alexandria
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**Housing Authority of the City of Alexandria
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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, 1999, 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, 1999, 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.

The year 2000 information on page 25 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB) Technical Bulletin (TB) 99-1, *Disclosures About Year 2000 Issues - an amendment of Technical Bulletin 98-1*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Housing Authority is or will become year 2000 compliant, that the Housing Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Housing Authority does business are or will become year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued a report dated December 22, 1999, 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.

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

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.

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
December 22, 1999

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
June 30, 1999

	*****GOVERNMENTAL FUNDS*****		
	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS
ASSETS AND OTHER DEBITS			
Assets			
Cash and cash equivalents	\$ 1,076,369	\$ 1,383,518	\$ 0
Receivables	16,180	100,524	19,379
Interfund receivable	311,017	2,608	0
Prepaid items	76,355	20,065	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	\$ 1,499,814	\$ 1,506,715	\$ 19,379
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities			
Accounts payables	\$ 12,666	\$ 377,879	\$ 0
Interfund payable	0	294,246	19,379
Deposits due others	0	0	0
Accrued Liabilities	221,609	0	0
Deferred revenues	0	20	0
Compensated absences payable	0	0	0
Notes and bonds payable	0	0	0
Total Liabilities	\$ 234,275	\$ 672,145	\$ 19,379
Equity and Other Credits			
Investment in general fixed assets	\$ 0	\$ 0	\$ 0
Retained earnings (deficit)	0	0	0
Fund balances:			
Reserved for prepaid items	76,355	20,065	0
Reserved for inventory	19,893	0	0
Unreserved and undesignated	1,169,291	814,505	0
Total Equity and Other Credits	\$ 1,265,539	\$ 834,570	\$ 0
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 1,499,814	\$ 1,506,715	\$ 19,379

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	
\$ 0	\$ 36,530	\$ 0	\$ 0	\$ 2,496,417
200,555	0	0	0	336,638
0	0	0	0	313,625
0	0	0	0	96,420
0	0	0	0	19,893
0	0	36,540,944	0	36,540,944
0	0	0	6,941,624	6,941,624
<u>\$ 200,555</u>	<u>\$ 36,530</u>	<u>\$ 36,540,944</u>	<u>\$ 6,941,624</u>	<u>\$ 46,745,561</u>
\$ 233,481	\$ 0	\$ 0	\$ 0	\$ 624,026
0	0	0	0	313,625
0	36,530	0	0	36,530
0	0	0	0	221,609
0	0	0	0	20
0	0	0	85,165	85,165
0	0	0	6,856,459	6,856,459
<u>\$ 233,481</u>	<u>\$ 36,530</u>	<u>\$ 0</u>	<u>\$ 6,941,624</u>	<u>\$ 8,137,434</u>
\$ 0	\$ 0	\$ 36,540,944	\$ 0	\$ 36,540,944
(32,926)	0	0	0	(32,926)
0	0	0	0	96,420
0	0	0	0	19,893
0	0	0	0	1,983,796
<u>\$ (32,926)</u>	<u>\$ 0</u>	<u>\$ 36,540,944</u>	<u>\$ 0</u>	<u>\$ 38,608,127</u>
<u>\$ 200,555</u>	<u>\$ 36,530</u>	<u>\$ 36,540,944</u>	<u>\$ 6,941,624</u>	<u>\$ 46,745,561</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, 1999

Statement B

	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES				
Local sources:				
Dwelling rental	\$ 589,473	\$ 23,125	\$ 0	\$ 612,598
Interest earnings	40,132	70,912	0	111,044
Other	242,665	24,370	0	113,605
Federal sources:				
Operating subsidy	1,141,555	0	0	1,141,555
Grants	0	1,945,167	266,075	2,211,242
Total revenues	<u>\$ 2,013,825</u>	<u>\$ 2,063,574</u>	<u>\$ 266,075</u>	<u>\$ 4,190,044</u>
EXPENDITURES				
Current:				
Administration	\$ 506,719	\$ 215,250	\$ 0	\$ 721,969
Utilities	76,728	4,119	0	80,847
Ordinary maintenance & operations	411,275	52,102	0	463,377
Protective services	120,314	621	0	120,935
General expenditures	429,911	77,877	0	507,788
Housing assistance payments	0	1,707,122	0	1,707,122
Facilities acquisition and construction	38,219	32,665	266,075	336,959
Total expenditures	<u>\$ 1,583,166</u>	<u>\$ 2,089,756</u>	<u>\$ 266,075</u>	<u>\$ 3,938,997</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 430,659</u>	<u>\$ (26,182)</u>	<u>\$ 0</u>	<u>\$ 251,047</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>834,880</u>	<u>860,752</u>	<u>0</u>	<u>1,695,632</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,265,539</u>	<u>\$ 834,570</u>	<u>\$ 0</u>	<u>\$ 1,946,679</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, 1999

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Dwelling rental	\$ 486,218	\$ 589,473	103,255
Interest earnings	32,164	40,132	7,968
Other	106,800	242,665	135,865
Federal sources:			
Operating subsidy	<u>1,141,555</u>	<u>1,141,555</u>	<u>0</u>
Total revenues	<u>\$ 1,766,737</u>	<u>\$ 2,013,825</u>	<u>\$ 247,088</u>
EXPENDITURES			
Current:			
Administration	\$ 455,455	\$ 506,719	(51,264)
Utilities	70,400	76,728	(6,328)
Ordinary maintenance & operations	453,783	411,275	42,508
Protective services	126,600	120,314	6,286
General expenditures	460,942	429,911	31,031
Facilities acquisition and construction	<u>38,000</u>	<u>38,219</u>	<u>(219)</u>
Total expenditures	<u>\$ 1,605,180</u>	<u>\$ 1,583,166</u>	<u>\$ 22,014</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 161,557</u>	<u>\$ 430,659</u>	<u>\$ 269,102</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>642,274</u>	<u>834,880</u>	<u>192,606</u>
FUND BALANCES AT END OF YEAR	<u>\$ 803,831</u>	<u>\$ 1,265,539</u>	<u>\$ 461,708</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, 1999

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Interest earnings	\$ 0	\$ 70,912	\$ 70,912
Other	0	12,226	12,226
Federal sources:			
Grants	<u>1,965,840</u>	<u>1,945,167</u>	<u>(20,673)</u>
Total revenues	<u>\$ 1,965,840</u>	<u>\$ 2,028,305</u>	<u>\$ 62,465</u>
EXPENDITURES			
Current:			
Administration	\$ 275,412	\$ 284,003	(8,591)
Housing assistance payments	<u>1,690,428</u>	<u>1,707,122</u>	<u>(16,694)</u>
Total expenditures	<u>\$ 1,965,840</u>	<u>\$ 1,991,125</u>	<u>(25,285)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 37,180	37,180
FUND BALANCES AT BEGINNING OF YEAR	<u>687,971</u>	<u>687,971</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 687,971</u>	<u>\$ 725,151</u>	<u>\$ 37,180</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, 1999

Statement D

OPERATING REVENUE	
Premiums	\$ 266,387
Reinsurance	<u>200,555</u>
Total operating revenues	<u>\$ 466,942</u>
OPERATING EXPENSES	
Administration	\$ 86,679
Claims	<u>400,965</u>
Total operating expenses	<u>\$ 487,644</u>
Operating income (loss)	\$ (20,702)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>(12,224)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>\$ (32,926)</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, 1999

Statement E

CASH FLOW FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (20,702)
Adjustments to reconcile operating income to net cash provided (used) for operating activities	
Increase (decrease) in payable	196,639
(Increase) decrease in receivable	<u>(200,555)</u>
Net cash provided (used) for operating activities	\$ (24,618)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>24,618</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 0</u>

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, 1999**

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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, 1999**

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	372
Moderate Rehab #3	FW 2069	9
Rental Vouchers	FW 2221	204
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, 1999**

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, 1999**

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, 1999**

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, 1999**

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, 1999**

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, 1999**

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, 1999**

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, 1999:

<u>Fund</u>	<u>Deficit Amount</u>
Special revenue funds:	
MOD Rehab #2	\$14,717
MOD Rehab #3	65,905
Proprietary fund:	
Internal service fund	32,926

Management expects to correct these deficits by a transfer from the general fund in the 1999-2000 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. A budget was not adopted for the DOT fund. 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, 1999:

	<u>Statement C Special Revenue Funds</u>	<u>Add: DOT Fund</u>	<u>Total Statement B</u>
Total revenues	\$2,028,305	\$ 35,269	\$2,063,574
Total expenditures	<u>1,991,125</u>	<u>98,631</u>	<u>2,089,756</u>
Excess (deficiency) of revenues over expenditures	37,180	(63,362)	(26,182)
Fund balances at beginning of year, as originally stated	<u>687,971</u>	<u>172,781</u>	<u>860,752</u>
Fund balance at end of year	<u>\$ 725,151</u>	<u>\$ 109,419</u>	<u>\$ 834,570</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, 1999**

NOTE 4 - CASH AND CASH EQUIVALENTS

At June 30, 1999, the Housing Authority has cash and cash equivalents (book balances) totaling \$2,496,417.

Deposits are stated at cost, which approximates fair value. 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 fair 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 \$2,496,417 and the bank balance was \$2,751,515. 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 Housing Authority maintains a sweep account for the operating funds of the Housing Authority. This cash account is swept daily for excess cash. Excess amounts are invested in an overnight repurchase agreement which is invested in United States government treasury bills, treasury notes, and certificates of deposit. The U. S. government investments are held in the Housing Authority's name through a book-entry system at the Federal Reserve Bank, therefore, these deposits were considered to be Category 1 which includes deposits that are collateralized with securities held by the pledging financial institution's trust department or its safekeeping agent in the Housing Authority's name. Because the repurchase agreements mature daily and are highly liquid, the Housing Authority treats this repurchase agreement (\$2,555,757) as cash equivalents. The remaining balance, \$95,758 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 \$336,638 at June 30, 1999, are as follows:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Proprietary Fund Internal Service</u>	<u>Total</u>
Local sources:					
Dwelling rental	\$16,180	\$ 4,227	\$ -	\$ -	\$ 20,407
Other	-	-	-	200,555	200,555
Federal sources:					
Due from HUD	-	96,297	19,379	-	115,676
 Total	 <u>\$16,180</u>	 <u>\$100,524</u>	 <u>\$19,379</u>	 <u>\$200,555</u>	 <u>\$336,638</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, 1999**

NOTE 6 - FIXED ASSETS

The changes in general fixed assets are as follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 1999</u>
Land	\$ 677,682	\$ -	\$ -	\$ -	\$ 677,682
Buildings and Improvements	34,341,553	-	-	879,511	35,221,064
Furniture and equipment	853,081	38,219	331,602	-	559,698
Construction in progress	<u>695,936</u>	<u>266,075</u>	<u>-</u>	<u>(879,811)</u>	<u>82,500</u>
Total	<u>\$36,568,252</u>	<u>\$ 304,294</u>	<u>\$331,602</u>	<u>\$ -</u>	<u>\$36,540,944</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, 1999, was \$819,542. The Housing Authority's contributions were calculated using the base salary amount of \$476,618. Both the Housing Authority and the covered employees made the required contributions of \$57,216 for the year ended June 30, 1999.

NOTE 8 - ACCOUNTS PAYABLE

The payables of \$624,026 at June 30, 1999, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Fund-Internal Service</u>	<u>Total</u>
Vendors	\$12,666	\$ -	\$233,481	\$246,147
Due to Other Governments Payable to HUD	<u>-</u>	<u>377,879</u>	<u>-</u>	<u>377,879</u>
Total	<u>\$12,666</u>	<u>\$377,879</u>	<u>\$233,481</u>	<u>\$624,026</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, 1999**

NOTE 9 - COMPENSATED ABSENCES

At June 30, 1999, employees of the Housing Authority have accumulated and vested \$85,165 of employee leave benefits which includes \$6,052 of salary-related 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 \$85,165 is recorded within the general long-term obligations account group.

NOTE 10 - CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1999</u>
Agency funds:				
Tenants Security Deposits	<u>\$34,330</u>	<u>\$13,604</u>	<u>\$11,404</u>	<u>\$36,530</u>

NOTE 11 - GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1999:

	<u>Compensated Absences</u>	<u>Project Notes</u>	<u>Total</u>
Balance, July 1, 1998	\$71,811	\$6,856,459	\$6,928,270
Additions	13,354	-	13,354
Deductions	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30, 1999	<u>\$85,165</u>	<u>\$6,856,459</u>	<u>\$6,941,624</u>

Project notes payable consists of the following at June 30, 1999:

	<u>Principal Outstanding June 30, 1999</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, 1999**

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, 1999 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$311,017	
Special Revenue Funds:		
Rental Certificates		\$117,291
Mod Rehab #1	1,832	
Mod Rehab #2	776	15,493
Mod Rehab #3		67,597
Rental Vouchers		77,516
DOT		16,349
Capital Project Funds:		
Project LA 23-706		48
Project LA 23-707		<u>19,331</u>
	<u>\$313,625</u>	<u>\$313,625</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Litigation

At June 30, 1999, the Housing Authority was involved in various 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, 1999. 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, 1999**

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.

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 internal service 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 internal service fund. As of June 30, 1999, 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.

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 internal service fund. 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	\$ 36,842	\$ 17,078
Incurred claims (including IBNRs)	400,965	105,564
Claim payments	209,002	85,800
Unpaid claims, end of fiscal year	228,805	36,842

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

REQUIRED SUPPLEMENTAL INFORMATION

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

**Year 2000 Information
June 30, 1999**

On March 29, 1999, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin (TB) 99-1, *Disclosures about Year 2000 Issues - an amendment of Technical Bulletin 98-1*. The amendment, among other things, provides that required year 2000 disclosures may be reported as required supplementary information. The Housing Authority reported the year 2000 disclosures as required supplemental information.

The year 2000 issue is the possible result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations.

The Housing Authority has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue necessary to conducting housing authority operations. These systems are financial reporting, payroll, and tenant accounting.

As of June 30, 1999, all systems had been assessed and the Board had contracted with an outside vendor to remediate these systems. The systems have been assessed and tested by the vendor and the vendor believes these systems to be year 2000 compliant to the best of their knowledge.

No significant resources were committed to make computer systems and other electronic data year 2000 compliant at June 30, 1999.

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

SUPPLEMENTAL INFORMATION

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



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

OTHER GOVERNMENTAL 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.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1999

	RENTAL CERTIFICATES	MOD REHAB #1	MOD REHAB #2
ASSETS			
Cash and cash equivalents	\$ 1,005,461	\$ 40,611	\$ 0
Receivables	936	0	0
Interfund receivable	0	1,832	776
Prepaid items	9,479	0	0
 TOTAL ASSETS	\$ 1,015,876	\$ 42,443	\$ 776
 LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payables	\$ 377,879	\$ 0	\$ 0
Interfund payable	117,291	0	15,493
Deferred revenues	0	0	0
 Total Liabilities	\$ 495,170	\$ 0	\$ 15,493
 Fund equity			
Fund balances:			
Reserved for prepaid items	\$ 9,479	\$ 0	\$ 0
Unreserved-undesignated	511,227	42,443	(14,717)
 Total Equity	\$ 520,706	\$ 42,443	\$ (14,717)
 TOTAL LIABILITIES AND FUND EQUITY	\$ 1,015,876	\$ 42,443	\$ 776

Exhibit 1

MOD REHAB #3	RENTAL VOUCHERS	DOT	TOTAL
\$ 0	\$ 217,528	\$ 119,918	\$ 1,383,518
1,070	97,153	1,365	100,524
0	0	0	2,608
642	5,459	4,485	20,065
<u>\$ 1,712</u>	<u>\$ 320,140</u>	<u>\$ 125,768</u>	<u>\$ 1,506,715</u>
\$ 0	\$ 0	\$ 0	\$ 377,879
67,597	77,516	16,349	294,246
20	0	0	20
<u>\$ 67,617</u>	<u>\$ 77,516</u>	<u>\$ 16,349</u>	<u>\$ 672,145</u>
\$ 642	\$ 5,459	\$ 4,485	\$ 20,065
(66,547)	237,165	104,934	814,505
<u>\$ (65,905)</u>	<u>\$ 242,624</u>	<u>\$ 109,419</u>	<u>\$ 834,570</u>
<u>\$ 1,712</u>	<u>\$ 320,140</u>	<u>\$ 125,768</u>	<u>\$ 1,506,715</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, 1999

	RENTAL CERTIFICATES	MOD REHAB #1	MOD REHAB #2
REVENUES			
Local sources:			
Dwelling rental	\$ 0	\$ 0	\$ 0
Interest earnings	53,588	5,208	3,633
Other	0	12,226	0
Federal sources:			
Grants	1,225,298	0	0
TOTAL REVENUES	\$ 1,278,886	\$ 17,434	\$ 3,633
EXPENDITURES			
Current:			
Administration	\$ 123,130	\$ 71	\$ 707
Utilities	2,660	0	0
Ordinary maintenance & operations	8,654	0	0
Protective services	399	0	0
General expenditures	42,711	0	0
Housing assistance payments	1,077,252	0	0
Facilities acquisition and construction	0	0	0
TOTAL EXPENDITURES	\$ 1,254,806	\$ 71	\$ 707
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 24,080	\$ 17,363	\$ 2,926
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	496,626	25,080	(17,643)
FUND BALANCES (Deficit) AT END OF YEAR	\$ 520,706	\$ 42,443	\$ (14,717)

Exhibit 2

MOD REHAB #3	RENTAL VOUCHERS	DOT	TOTAL
\$ 0	\$ 0	23,125	\$ 23,125
364	8,119	0	70,912
0	0	12,144	24,370
50,849	669,020	0	1,945,167
\$ 51,213	\$ 677,139	\$ 35,269	\$ 2,063,574
\$ 8,677	\$ 68,021	\$ 14,644	\$ 215,250
104	1,355	0	4,119
382	4,451	38,615	52,102
17	205	0	621
1,727	20,732	12,707	77,877
45,279	584,591	0	1,707,122
0	0	32,665	32,665
\$ 56,186	\$ 679,355	\$ 98,631	\$ 2,089,756
\$ (4,973)	\$ (2,216)	\$ (63,362)	\$ (26,182)
(60,932)	244,840	172,781	860,752
\$ (65,905)	\$ 242,624	\$ 109,419	\$ 834,570

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

CAPITAL PROJECT FUNDS

PROJECT LA 23-706

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

PROJECT LA 23-707

Project LA 23-707 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, 1999

Exhibit 3

	PROJECT LA 23-706	PROJECT LA 23-707	TOTAL
ASSETS			
Receivables	\$ 48	\$ 19,331	\$ 19,379
Total assets	\$ 48	\$ 19,331	\$ 19,379
 LIABILITIES AND EQUITY			
Liabilities:			
Interfund payable	\$ 48	\$ 19,331	\$ 19,379
Total liabilities	\$ 48	\$ 19,331	\$ 19,379
 Fund Equity - fund balances:			
Undesignated	0	0	0
Total Liabilities and Fund Equity	\$ 48	\$ 19,331	\$ 19,379

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, 1999

Exhibit 4

	PROJECT LA 23-706	PROJECT LA 23-707	TOTAL
REVENUES			
Federal Grants	\$ 183,575	\$ 82,500	\$ 266,075
Total revenues	\$ 183,575	\$ 82,500	\$ 266,075
EXPENDITURES			
Current:			
Facilities acquisition and construction	\$ 183,575	\$ 82,500	\$ 266,075
Total expenditures	\$ 183,575	\$ 82,500	\$ 266,075
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	0
FUND BALANCE AT BEGINNING OF YEAR	0	0	0
FUND BALANCE AT END OF YEAR	\$ 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, 1999

Exhibit 5

PROJECT	Balance, Beginning	Additions	Deductions	Balance, Ending
LA 23-1	\$ 5,365	\$ 2,356	\$ 1,426	\$ 6,295
LA 23-2	2,650	1,033	543	3,140
LA 23-3	21,675	7,730	8,400	21,005
LA 23-4	1,305	1,450	525	2,230
LA 23-5	2,510	960	510	2,960
DOT	<u>825</u>	<u>75</u>	<u>0</u>	<u>900</u>
Total	<u>\$ 34,330</u>	<u>\$ 13,604</u>	<u>\$ 11,404</u>	<u>\$ 36,530</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	

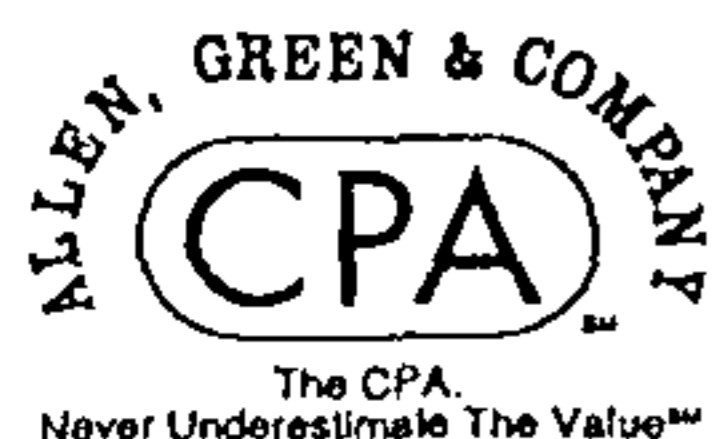
**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**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.



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Accounting Corp.)

Tim Green, CPA

Margie Williamson, CPA

Sylvia R. Fallin, CPA
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Regina R. Mekus, CPA
Ramona S. Ogden, 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, 1999, and have issued our report thereon dated December 22, 1999. 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'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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 99-F1 and 99-F2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority'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.

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

Management Letter Items

We noted other matters involving the internal control over financial reporting which we have reported to management of the Housing Authority in a separate letter dated December 22, 1999, included later in this report in the section titled Management Letter Items.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green + Company, LLP
ALLEN, GREEN & COMPANY, LLP

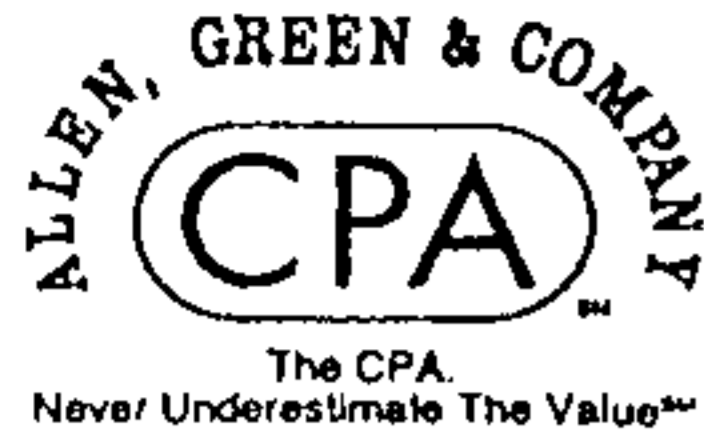
Monroe, Louisiana
December 22, 1999

ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Monroe, LA 71211-6075



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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, 1999. 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, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular No. A-133 and which are described in the accompanying schedule of findings and questioned costs as items 99-F3, 99-F4 and 99-F5.

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, 1999, and have issued our report thereon dated December 22, 1999. 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 solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green + Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
December 22, 1999

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 Alexandria, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 1999

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>1,141,555</u>
Public and Indian Housing - Comprehensive Grant Program			
LA 23-704	14.859	FW 1142	\$ 183,575
LA 23-705	14.859	FW 1142	<u>82,500</u>
 TOTAL PROGRAM			 \$ <u>266,075</u>
 Section 8 Rental Certificate Program	 14.857	 FW 2069	 \$ <u>1,225,298</u>
Low Income Housing Assistance Program - Section 8 Moderate Rehabilitation MOD Rehab #3	 14.856	 FW 2069	 \$ <u>50,849</u>
 Section 8 Rental Vouchers	 14.855	 FW 2221	 \$ <u>669,020</u>
 TOTAL U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			 \$ <u>3,352,797</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, 1999**

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	\$1,141,555
Special revenue funds:	
Rental certificates	1,225,298
MOD Rehab #3	50,849
Rental vouchers	669,020
Capital project funds:	
Project LA23-706	183,575
Project LA23-707	<u>82,500</u>
	<u>\$3,352,797</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, 1999**

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, 1999 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, 1999**

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 audit findings 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 Tenant-Based Cluster
 - CFDA #14.855 Section 8 Rental Voucher 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, 1999**

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: 99-F1 Budget Adoption

Entity-wide or program/department specific: This item applies to the Department of Transportation (DOT) fund.

Criteria or specific requirement: Louisiana Revised Statute 39:1304 requires that a budget be adopted for the general fund and each special revenue fund.

Condition found: The DOT fund, a special revenue fund of the Housing Authority, did not adopt a budget for the year.

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 2% of total revenue for all special revenue funds for the year and approximately 5% of total expenditures for all special revenue funds for the year.

Possible asserted effect (cause and effect):

Cause: Unknown.

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

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

Reference # and title: 99-F2 Late Filing of Audit Report

Entity-wide or program/department-specific: This comment applies entity-wide.

Criteria or specific requirement: The Louisiana Legislative Auditor requires audit reports to be filed within six months of the year-end of the governments.

Condition found: The audit report as of and for the year ended June 30, 1999, was filed after the deadline.

Possible asserted effect (cause and effect):

Cause: The Housing Authority was involved with an agreed-upon procedures engagement and a HUD monitoring. The agreed-upon procedures engagement expended much of the accounting staff's time.

Effect: The Housing Authority has violated the Legislative Auditor's requirement to submit an audit report within six months of the year-end of the Housing Authority.

Recommendations to prevent future occurrences: Although the circumstances surrounding the late filing were unusual in nature, there is no provision for an extension of the six month deadline. The Housing Authority should file all audit reports within six months of their year-end in accordance with the Legislative Auditor's requirement.

Housing Authority of the City of Alexandria
Alexandria, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999

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: 99-F3 Cash Management - Section 8

Federal program and specific federal award identification:

CFDA Title: Section 8 Rental Certificates CFDA # 14.857
Federal Award #: FW 2069 Federal Award year: 1999
Federal Agency: Department of Housing and Urban Development

Entity-wide or program/department specific: This finding applies to the Section 8 Rental Certificate Program.

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."

Condition found: The Housing Authority had an overpayment as detailed below.

<u>Program</u>	<u>Amount</u>
Section 8 Rental Certificate Program	<u>\$110,362</u>

Proper perspective for judging the prevalence and consequences: The above overpayment of \$110,362 in the Section 8 Rental Certificate Program represents approximately 9% of the \$1,225,298 received from HUD for the program for the year.

Possible asserted effect (cause and effect):

Cause: Unknown.

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

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

Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999

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: 99-F4 Tenant Files for Public and Indian Housing

Federal program and specific federal award identification:

CFDA Title: Public and Indian Housing CFDA #: 14.850
Federal Award #: FW 1142 Federal Award year: 1999
Federal Agency: Department of Housing and Urban Development

Entity-wide or program/department specific: This finding applies only to the Public and Indian Housing Program.

Criteria or specific requirement: The Housing Authority must reexamine family income and composition at least once every twelve months and adjust the total rent and housing assistance payment as necessary (24 CFR sections 5.617 and 960.209).

The Housing Authority is required to prepare and submit Form 50058, Family Report, each time the Housing Authority completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family.

Condition found: In testing of tenant files, two files did not include documentation that an annual reexamination was performed. Form 50058 was not included in two other tenant files.

Proper perspective for judging the prevalence and consequences: Fifteen tenant files were tested for certain attributes including evidence of an annual reexamination and documentation of information contained on Form 50058.

Possible asserted effect (cause and effect):

Cause: The cause is unknown.

Effect: It appears the tenant files referred to in the condition found section do not meet certain federal regulations.

Recommendations to prevent future occurrences: The Housing Authority should develop and use a checklist of items required for tenant files. Current files should be reviewed to ensure required documents are present.

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

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1999**

**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: 99-F5 Section 8 Utility Allowances

Federal program and specific federal award identification:

CFDA Title: Section 8 Tenant-Based Cluster CFDA #: 14.855, 14.857
Federal Award #: FW 2221, FW 2069 Federal Award year: 1999
Federal Agency: Department of Housing and Urban Development

Entity-wide or program/department specific: This finding applies to the Section 8 Tenant-Based Cluster which includes Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program.

Criteria or specific requirement: If the cost of utilities is not included in the rent to the owner, the Housing Authority uses a schedule of utility allowances to determine the amount an assisted family needs to cover the cost of utilities. The Housing Authority's utility allowance schedule is developed based on utility consumption and rate data for various unit sizes, structure types and fuel types. The Housing Authority is required to review its utility allowance schedules annually and to adjust them if necessary (24 CFR, Section 982.517).

Condition found: Based on utility consumption and rate data it appears the utility allowance schedule should have been adjusted for electricity and gas allowances.

Proper perspective for judging the prevalence and consequences: For electricity allowances, the calculated rate exceeded the present rate by 12%, 12%, 12% and 14% for zero-bedroom, one-bedroom, two-bedroom, and four-bedroom, respectively. The gas calculated rate exceeded the present rate by 41% to 65% for zero-bedroom to five-bedroom units.

Possible asserted effect (cause and effect):

Cause: The cause is unknown.

Effect: Utility allowances may be too low for electricity and gas allowances.

Recommendations to prevent future occurrences: The Housing Authority should follow HUD guidelines with respect to adjusting utility allowances.

**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 No. A-133 Section 500(e), and accordingly, no opinion is expressed. Section 500(e) 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, 1999**

Finding reference number: 98-1 **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 prepared for the DOT fund and adopted at the next Board meeting..

Person responsible for corrective action:

Mr. Frank Lesneski, Interim 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: March 31, 2000.

Finding reference number: 98-2 **Cash Management - Section 8**

Initially occurred: Year ended June 30, 1996.

Condition: 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>

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 and the Moderate Rehabilitation Program did not exceed funds expended for the year ended June 30, 1999. For the Rental Certificates Program see Current Year Findings 99-F2.

Person responsible for corrective action:

Mr. Frank Lesneski, Interim 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, 1999**

Reference # and title: **99-F1** **Budget Adoption**

Condition: 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.

Corrective action planned: A budget will be adopted for the DOT fund at the next Board meeting.

Person responsible for corrective action:

Mr. Frank Lesneski, Interim 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: March 31, 2000.

Reference # and title: **99-F2** **Late Filing of Audit Report**

Condition: The audit report as of and for the year ended June 30, 1999 was filed after the deadline.

Corrective action planned: Management will make sure that the audit report for the year ended June 30, 2000 is filed in a timely manner.

Person responsible for corrective action:

Mr. Frank Lesneski, Interim 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, 2000.

Reference # and title: **99-F3** **Cash Management - Section 8**

Condition: The Housing Authority had an overpayment as detailed below.

<u>Program</u>	<u>Amount</u>
Section 8 Rental Certificate Program	<u>\$110,362</u>

The above overpayment of \$110,362 in the Section 8 Rental Certificate Program represents approximately 9% of the \$1,225,298 received from HUD for 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.

**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, 1999**

Reference # and title: **99-F3** **Cash Management - Section 8 (Continued)**

Person responsible for corrective action:

Mr. Frank Lesneski, Interim 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, 2000.

Reference # and title: **99-F4** **Tenant Files for Public and Indian Housing**

Condition: In testing tenant files, two files did not include documentation that an annual reexamination was performed. Form 50058 was not included in two other tenant files.

Corrective action planned: Two sources will be used to ensure that annual reexams are completed timely, the computer listing and manual reexam cards maintained by the Housing Authority.

Files will be reviewed to ensure that a copy of Form 50058 is included in the file.

Person responsible for corrective action:

Mr. Frank Lesneski, Interim 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, 2000.

Reference # and title: **99-F5** **Section 8 Utility Allowances**

Condition: Based on utility consumption and rate data it appears the utility allowance schedule should have been adjusted for electricity and gas allowances.

Corrective action planned: A revised utility allowance schedule has already been approved by the Board.

Person responsible for corrective action:

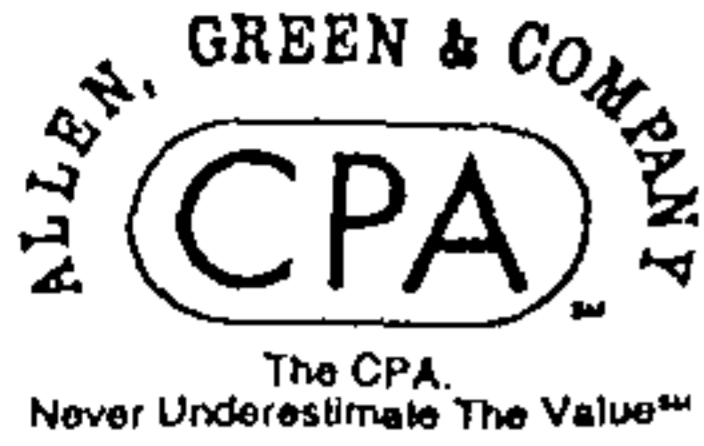
Mr. Frank Lesneski, Interim Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
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Anticipated completion date: February 28, 2000.

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

Management Letter Items



ALLEN, GREEN & COMPANY, LLP

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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, 1999, we considered the Housing Authority's internal control 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.

However, during our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report December 22, 1999, 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 management's responses to prior-year management letter items. We have performed no audit work to verify the content of the responses.

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 solely for the information and use of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
December 22, 1999

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

**Status of Prior Management Letter Items
June 30, 1999**

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

Condition: 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 taken: Presently, only three employees have the ability to add or make any changes to the payroll program. Blank check stocks are locked up and the bank reconciler receives the bank statements unopened from the bank.

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

Condition: No approval procedures exist for employees to make credits to accounts receivable.

Corrective action taken: Credits to tenants' accounts receivable are now approved by project managers.

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

Condition: In testing of disbursements, the following was noted:

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

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

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

**Schedule of Management Letter Items
As of and For the Year Ended June 30, 1999**

Finding reference number: **98-M1** **Details of Charge-Offs**

Condition found: Charge-offs of rent are approved by the Board of Commissioners but the details are not included with the minutes.

Recommendations: Approval of charge-offs by the Board should include details such as the tenant's name and the amounts charged off.

The following is presented for informational purposes only.

Conversion to generally accepted accounting principles for reporting.

For the June 30, 2000 fiscal year-end the Housing Authority will be required to file financial statements electronically with HUD. These statements must be prepared in conformity with generally accepted accounting principles (GAAP). The Housing Authority's books are presently on the basis of accounting prescribed by HUD. The conversion from the HUD basis to the GAAP basis of accounting will require extensive research and numerous journal entries by accounting staff. Accounting staff should begin planning for this conversion in order to have the books converted for the June 30, 2000 year-end.

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

**Corrective Action Plan for Current-Year Management Letter Items
June 30, 1999**

Reference # and title: **99-M2** **Details of Charge-Offs**

Condition: Charge-offs of rent are approved by the Board of Commissioners but the details are not included with the minutes.

Corrective action planned: The details for the fiscal year ended June 30, 1999 will be included with the copies of the minutes and in all future approvals of charge-offs the details will be included.

Person responsible for corrective action:

Mr. Frank Lesneski, Interim Executive Director Telephone: (318) 442-8843
Housing Authority of the City of Alexandria Fax: (318) 445-2529
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Anticipated completion date: June 30, 2000.