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Housing Authority of the City of Shreveport
Shreveport, Louisiana

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

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

Release Date APR 28 1999

Housing Authority of the City of Shreveport
Shreveport, Louisiana

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

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

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

Annual Financial Report
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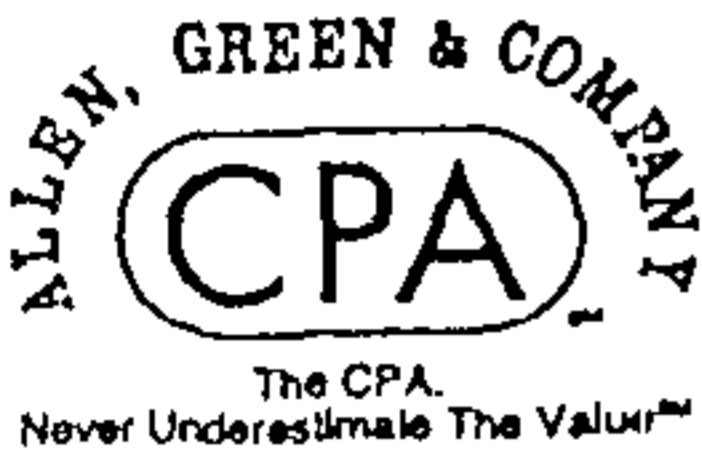
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying GENERAL-PURPOSE FINANCIAL STATEMENTS of the Housing Authority of the City of Shreveport, Louisiana, as of and for the year ended September 30, 1998, as listed in the 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year-2000 Issues, requires disclosure of certain matters regarding the year-2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

any significant amount of resources committed to make computer systems and other electronic equipment year 2000 compliant; a general description of the year-2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000 compliant; and the additional stages of work necessary for making the computer systems and other electronic equipment year 2000 compliant.

The Housing Authority has omitted such disclosures. We do not provide assurance that the Housing Authority is or will be year-2000 ready, 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 will be year 2000-ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of September 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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

In accordance with Government Auditing Standards, we have also issued a report dated January 15, 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.

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 Shreveport, taken as a whole. The accompanying SUPPLEMENTAL INFORMATION, including the schedule of expenditures of federal awards which is required by U. S. Office of Management and Budget Circular No. 133, Audits of States, Local Governments, and Non-Profit Organizations, 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
January 15, 1999

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

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

*****GOVERNMENTAL FUNDS*****

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT
ASSETS AND OTHER DEBITS				
Assets				
Cash and cash equivalents	\$ 677,184	\$ 1,428,108	\$ 690	\$ 8,501
Investments	1,427,395	2,924,625	759,670	0
Accounts receivable	5,108	175,342	108,923	6,082
Interfund receivable	50,963	19,047	0	0
Prepaid items	108,061	70,150	0	0
Inventory	68,000	0	0	0
Land, buildings, and equipment	0	0	0	0
Other debits				
Amount available in debt service funds	0	0	0	0
Amount to be provided for retirement of general Long-term obligations	0	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 2,336,711	\$ 4,617,272	\$ 869,283	\$ 14,583
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable	\$ 140,005	\$ 341,986	\$ 0	\$ 8,501
Interfund payable	19,047	40,049	0	10,914
Deposits due others	0	0	0	0
Deferred revenue	0	781,078	108,923	0
Compensated absences payable	0	0	0	0
Notes and bonds payable	0	0	0	0
Total Liabilities	\$ 159,052	\$ 1,163,113	\$ 108,923	\$ 19,415
Equity and Other Credits				
Investment in general fixed assets	\$ 0	\$ 0	\$ 0	\$ 0
Retained earnings	0	0	0	0
Fund balances:				
Reserved for prepaid items	108,061	70,150	0	0
Reserved for inventory	68,000	0	0	0
Reserved for debt payment			760,360	
Unreserved and undesignated	2,001,598	3,384,009	0	(4,832)
Total Equity and Other Credits	\$ 2,177,659	\$ 3,454,159	\$ 760,360	\$ (4,832)
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 2,336,711	\$ 4,617,272	\$ 869,283	\$ 14,583

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

Statement A

*****ACCOUNT GROUPS*****				TOTAL
FIDUCIARY FUNDS - AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(MEMORANDUM ONLY) PRIMARY GOVERNMENT	
\$ 73,625	\$ 0	\$ 0	\$ 2,188,108	
0	0	0	5,111,690	
0	0	0	295,455	
0	0	0	70,010	
0	0	0	178,211	
0	0	0	68,000	
0	45,908,484	0	45,908,484	
0	0	760,360	760,360	
0	0	4,753,185	4,753,185	
<u>\$ 73,625</u>	<u>\$ 45,908,484</u>	<u>\$ 5,513,545</u>	<u>\$ 59,333,503</u>	
\$ 0	\$ 0	\$ 0	\$ 490,492	
0	0	0	70,010	
73,625	0	0	73,625	
0	0	0	890,001	
0	0	120,727	120,727	
0	0	5,392,818	5,392,818	
<u>\$ 73,625</u>	<u>\$ 0</u>	<u>\$ 5,513,545</u>	<u>\$ 7,037,673</u>	
\$ 0	\$ 45,908,484	\$ 0	\$ 45,908,484	
0	0	0	0	
0	0	0	178,211	
0	0	0	68,000	
0	0	0	760,360	
0	0	0	5,380,775	
<u>\$ 0</u>	<u>\$ 45,908,484</u>	<u>\$ 0</u>	<u>\$ 52,295,830</u>	
<u>\$ 73,625</u>	<u>\$ 45,908,484</u>	<u>\$ 5,513,545</u>	<u>\$ 59,333,503</u>	

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana

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

Statement B

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL (MEMORANDUM ONLY)
REVENUES					
Local sources:					
Dwelling rental	\$ 1,061,490	\$ 494,387	\$ 0	\$ 0	\$ 1,555,877
Interest earnings	91,361	208,594	54,642	0	354,597
Other	26,625	160,957	0	0	187,582
Federal sources:					
Operating subsidy	1,220,775	0	0	0	1,220,775
Annual contributions	0	10,774,190	108,923	0	10,883,113
Grants	33,029	10,580	0	1,012,150	1,055,759
Total revenues	\$ 2,433,280	\$ 11,648,708	\$ 163,565	\$ 1,012,150	\$ 15,257,703
EXPENDITURES					
Current:					
Administration	\$ 423,323	\$ 1,098,549	\$ 0	\$ 0	\$ 1,521,872
Tenant services	0	48,578	0	0	48,578
Utilities	387,625	164,840	0	0	552,465
Ordinary maintenance & operations	867,726	359,931	0	0	1,227,657
General expenditures	373,226	57,688	0	0	430,914
Nonroutine maintenance	4,254	40,648	0	0	44,902
Housing assistance payments	0	9,189,792	0	0	9,189,792
Facilities acquisition and construction	59,122	124,282	0	989,338	1,172,742
Debt service:					
Principal retirement	0	0	187,393	0	187,393
Interest and bank charges	0	0	328,917	0	328,917
Total expenditures	\$ 2,115,276	\$ 11,084,308	\$ 516,310	\$ 989,338	\$ 14,705,232
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 318,004	\$ 564,400	\$ (352,745)	\$ 22,812	\$ 552,471
OTHER FINANCING SOURCES (USES)					
Operating transfers in	\$ 0	\$ 234,588	\$ 488,344	\$ 0	\$ 722,932
Operating transfers out	0	(488,344)	(234,588)	0	(722,932)
Total Other Financing Sources (Uses)	\$ 0	\$ (253,756)	\$ 253,756	\$ 0	\$ 0

(CONTINUED)

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

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

Statement B

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	318,004	310,644	(98,989)	22,812	552,471
FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 1,794,655	\$ 3,118,130	\$ 859,349	\$ (27,644)	\$ 5,744,490
PRIOR PERIOD ADJUSTMENT	65,000	25,385	0	0	90,385
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	\$ 1,859,655	\$ 3,143,515	\$ 859,349	\$ (27,644)	\$ 5,834,875
FUND BALANCES AT END OF YEAR	\$ 2,177,659	\$ 3,454,159	\$ 760,360	\$ (4,832)	\$ 6,387,346

(CONCLUDED)

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

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

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**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

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

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Dwelling rental	\$ 1,035,900	\$ 1,061,490	\$ 25,590
Interest earnings	32,810	91,361	58,551
Other	26,230	26,625	395
Federal sources:			
Operating subsidy	1,220,775	1,220,775	0
Grants	0	33,029	33,029
Total revenues	<u>\$ 2,315,715</u>	<u>\$ 2,433,280</u>	<u>\$ 117,565</u>
EXPENDITURES			
Current:			
Administration	\$ 521,710	\$ 423,323	\$ 98,387
Utilities	343,020	387,625	(44,605)
Ordinary maintenance & operations	950,580	867,726	82,854
General expenditures	486,350	373,226	113,124
Nonroutine maintenance	0	4,254	(4,254)
Facilities acquisition and construction	31,340	59,122	(27,782)
Total expenditures	<u>\$ 2,333,000</u>	<u>\$ 2,115,276</u>	<u>\$ 217,724</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(17,285)</u>	<u>318,004</u>	<u>335,289</u>
FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 1,794,655	\$ 1,794,655	0
PRIOR PERIOD ADJUSTMENT	<u>65,000</u>	<u>65,000</u>	<u>0</u>
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	<u>\$ 1,859,655</u>	<u>\$ 1,859,655</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,842,370</u>	<u>\$ 2,177,659</u>	<u>\$ 335,289</u>

(CONTINUED)

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, 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 September 30, 1998**

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Dwelling rental	\$ 507,094	\$ 494,387	\$ (12,707)
Interest earnings	39,294	156,520	117,226
Other	89,900	160,957	71,057
Federal sources:			
Annual contributions	9,927,962	9,915,425	(12,537)
Grants	0	10,580	10,580
Total revenues	\$ 10,564,250	\$ 10,737,869	\$ 173,619
EXPENDITURES			
Current:			
Administration	\$ 1,070,833	\$ 1,070,851	\$ (18)
Tenant services	70,185	48,578	21,607
Utilities	134,925	164,840	(29,915)
Ordinary maintenance & operations	302,470	359,931	(57,461)
General expenditures	57,639	57,688	(49)
Nonroutine maintenance	15,000	40,648	(25,648)
Housing assistance payments	8,405,501	8,346,979	58,522
Facilities acquisition and construction	3,500	124,282	(120,782)
Total expenditures	\$ 10,060,053	\$ 10,213,797	\$ (153,744)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 504,197	\$ 524,072	\$ 19,875
OTHER FINANCING SOURCES (USES)			
Operating transfers in	\$ 0	\$ 234,588	\$ 234,588
Operating transfers out	(404,176)	(488,344)	(84,168)
Total Other Financing Sources (Uses)	\$ (404,176)	\$ (253,756)	\$ 150,420

(CONTINUED)

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, 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 September 30, 1998**

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 100,021	\$ 270,316	\$ 170,295
FUND BALANCES AT BEGINNING OF YEAR	<u>3,037,081</u>	<u>3,037,081</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,137,102</u>	<u>\$ 3,307,397</u>	<u>\$ 170,295</u>

(CONCLUDED)

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. 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 Shreveport is governed by a five-member board of commissioners. The members, appointed by the Honorable Mayor of the city of Shreveport, serve a staggered term of five years.

The Housing Authority has the following units:

		<u># of Units</u>
PHA Owned Housing	FW 923	923
Section 8		
Existing	FW 2075	1,420
Rental Vouchers	FW 2215	316
Moderate Rehab	FW 2075	523
Existing - Stone Vista	FW 2163	151
New Construction - Goodman Plaza	FW 77-393	170
 Non HUD Programs:		
Armstrong Center - Non Dwelling Community Center Child care		170
I-49 Dwelling Rental Units		58
Child Care		1

GASB Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and fiscally independent by being solely accountable for fiscal matters, including (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, (3) fiscal management for controlling the collection and disbursement of funds, (4) authority to issue debt, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities that are within the oversight responsibility of the Housing Authority.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the city of Shreveport since the city appoints a voting majority of the Housing Authority's governing board. The city is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the city of Shreveport. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the city of Shreveport.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, 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 two categories: governmental, 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 proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Special revenue funds account for transactions of the Section 8 programs and non-HUD programs.

Debt Service Funds – account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

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 Shreveport
Shreveport, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUNDS AND ACCOUNT GROUPS (Continued)

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. Agency funds are *custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.*

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

Governmental Funds

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:

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.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Governmental Funds (Continued)

Revenues (Continued)

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.

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 Shreveport
Shreveport, Louisiana**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS

General Budget Policies

The Housing Authority adopted budgets for the general fund, the special revenue funds 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.

HUD approves all budgets adopted by the Housing Authority. The budget is controlled by fund at the function level. The Executive Director is authorized to transfer amounts between line items within any fund provided such does not change the total of any function. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments.

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

All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with generally accepted accounting principles (GAAP). Budget amounts included in the accompanying financial statements are as amended. Budget amendments were not considered significant.

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.

F. INVESTMENTS

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. INVESTMENTS (Continued)

Investments are stated at amortized cost except for investments in the deferred compensation agency fund, which are reported at market.

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

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The Housing Authority reported at amortized cost money market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

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

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

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

H. INVENTORY AND PREPAID ITEMS

All 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 purchase method, that is, the expenditures are charged when the items are purchased.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Depreciation has not been provided on general fixed assets.

J. COMPENSATED ABSENCES

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 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 except in a case where the employee notifies the Housing Authority not less than six months prior to retirement or resignation. In this case annual leave in excess of 300 hours may be utilized prior to separation of employment.

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. Leave benefits are based on accrued leave benefits or employees with 10 years' service to a maximum of 25 days at their current annual salary.

K. 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.

L. FUND EQUITY

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

M. 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.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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 occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances/Retained Earnings

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

<u>Fund</u>	<u>Deficit Amount</u>
Capital project funds:	
Development 2-09	\$ 43
Development 2-10	4,789

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

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

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

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 Stone Vista fund. Stone Vista's budget is adopted for the calendar year and therefore is not included. 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 September 30, 1998:

	<u>Statement C Special Revenue Funds</u>	<u>Add: Stone Vista Fund</u>	<u>Total Statement B</u>
Total revenues	\$ 10,737,869	\$910,839	\$ 11,648,708
Total expenditures	10,213,797	870,511	11,084,308
Excess (deficiency) of revenues over expenditures	524,072	40,328	564,400
Total other financing uses	(253,756)	-	(253,756)
Fund balances at beginning of year, as originally stated	3,037,081	81,049	3,118,130
Prior Period Adjustment	-	25,385	25,385
Fund balances at beginning of year, as restated	<u>3,037,081</u>	<u>106,434</u>	<u>3,143,515</u>
Fund balance at end of year	<u>\$ 3,307,397</u>	<u>\$146,762</u>	<u>\$ 3,454,159</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

At September 30, 1998, the Housing Authority has cash and cash equivalents (book balances) totaling \$2,188,108 as follows:

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 \$6,540,128 and the bank balance was \$6,681,237. 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). \$6,581,237 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).

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Housing Authority or its agent in the Housing Authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Housing Authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the Housing Authority's name.

At year end, the Housing Authority investment balances included the following:

	<u>Category</u>			<u>Carrying Amount</u>		<u>Total Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Fair Value</u>	<u>Amortized Cost</u>	
U. S. Treasury securities	<u>\$83,081</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -	\$83,081	\$ 83,081
Investments not subject to categorization						
Trust account under control of First Tennessee				<u>676,589</u>	<u>-</u>	<u>676,589</u>
				<u>\$676,589</u>	<u>\$83,081</u>	<u>\$759,670</u>

NOTE 5 - RECEIVABLES

The receivables of \$295,455 at September 30, 1998, are as follows:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
Local sources:					
Tenants	\$5,108	\$ 31,148	\$ -	\$ -	\$ 36,256
Federal sources:					
Due from HUD	<u>-</u>	<u>144,194</u>	<u>108,923</u>	<u>6,082</u>	<u>259,199</u>
Total	<u>\$5,108</u>	<u>\$175,342</u>	<u>\$108,923</u>	<u>\$6,082</u>	<u>\$295,455</u>

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

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

NOTE 6 - FIXED ASSETS

The changes in general fixed assets are as follows:

	Balance October 1, <u>1997</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>1998</u>
Land	\$12,247,761	\$ -	\$ -	\$12,247,761
Buildings and improvements	30,075,308	-	-	30,075,308
Furniture and equipment	1,153,616	148,842	102,686	1,199,772
Construction in progress	<u>1,396,305</u>	<u>989,338</u>	<u>-</u>	<u>2,385,643</u>
Total	<u>\$44,872,990</u>	<u>\$1,138,180</u>	<u>\$102,686</u>	<u>\$45,908,484</u>

The beginning balance of buildings and improvements was restated to include \$411,180 previously reported as depreciation for Goodman Plaza.

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 eight 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 September 30, 1998 was \$1,117,826. The Housing Authority's contributions were calculated using the base salary amount of \$1,018,302. Both the Housing Authority and the covered employees made the required contributions of \$84,850 for the year ended September 30, 1998.

NOTE 8 - ACCOUNTS PAYABLE

The payables of \$490,492 at September 30, 1998, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Total</u>
Vendors	\$140,005	\$ 59,058	\$8,501	\$207,564
Due to other governments				
Payable to HUD	<u>-</u>	<u>282,928</u>	<u>-</u>	<u>282,928</u>
Total	<u>\$140,005</u>	<u>\$341,986</u>	<u>\$8,501</u>	<u>\$490,492</u>

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

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

NOTE 9 - COMPENSATED ABSENCES

At September 30, 1998, employees of the Housing Authority have accumulated and vested \$120,727 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is not expected to be paid from current available resources; therefore the liability of \$120,727 is recorded within the general long-term obligations account group.

NOTE 10 - CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

	<u>Balance October 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 1998</u>
Agency funds:				
Tenants Security Deposits	<u>\$73,794</u>	<u>\$19,325</u>	<u>\$19,494</u>	<u>\$73,625</u>

NOTE 11 - GENERAL LONG-TERM OBLIGATIONS

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

	<u>Compensated Absences</u>	<u>Notes and Bonds</u>	<u>Total</u>
Balance, October 1, 1997	\$111,400	\$5,580,210	\$5,691,610
Additions	9,327	-	9,327
Deductions	-	<u>187,392</u>	<u>187,392</u>
Balance, September 30, 1998	<u>\$120,727</u>	<u>\$5,392,818</u>	<u>\$5,513,545</u>

The following notes and bonds are outstanding at September 30, 1998. The Single Issue bonds and Federal Financing Bank notes are HUD-guaranteed and the Mortgage Revenue bonds are collateralized with all revenues derived from operations of Goodman Plaza. The bonds and notes have maturities from 1999 to 2019 and interest rates from 4.875 to 6.6 percent. Bond principal and interest payable in the next fiscal year are \$202,124 and \$316,169 respectively. The individual issues are as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Balance September 30, 1998</u>
<u>Single issue bonds</u>					
Series 1967	8-1-67	2008	4.875%	\$1,320,000	\$ 570,812
<u>Mortgage revenue bonds</u>					
Series 1993	8-1-93	2019	6.100%	5,295,000	4,760,000
<u>Federal financing bank notes</u>					
Series 1983	9-7-83	1999	6.600%	<u>361,286</u>	<u>62,006</u>
Total - bonds and notes				<u>\$6,976,286</u>	<u>\$5,392,818</u>

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

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

NOTE 11 - GENERAL LONG-TERM OBLIGATIONS (Continued)

All principal and interest requirements are funded in accordance with federal law by the annual contributions from U. S. Department of Housing and Urban Development. At September 30, 1998, the Housing Authority has accumulated \$760,360 in the debt service fund for future debt requirements. The bonds are due as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
September 30, 1999	\$ 202,124	\$ 316,169	\$ 518,293
September 30, 2000	210,493	305,642	516,135
September 30, 2001	182,800	294,406	477,206
September 30, 2002	199,227	284,877	484,104
September 30, 2003	205,654	274,258	479,912
September 30, 2004 to maturity	<u>4,392,520</u>	<u>2,471,774</u>	<u>6,864,294</u>
	<u>\$5,392,818</u>	<u>\$3,947,283</u>	<u>\$9,340,101</u>

NOTE 12 - INTERFUND RECEIVABLES/PAYABLES

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

	<u>Receivable</u>	<u>Payable</u>
General fund	\$50,963	\$19,047
Special revenue funds:		
Mod rehab #3		40,049
Stone Vista	19,047	
Capital project funds:		
CGP 707 1998		5,622
CGP 705 1996		460
Development 2-09		43
Development 2-10		<u>4,789</u>
	<u>\$70,010</u>	<u>\$70,010</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Litigation

At September 30, 1998, the Housing Authority is not involved in any threatened litigation nor is the Housing Authority exposed to any significant liability for which it is not amply insured.

Construction Projects

There are certain major construction projects in progress at September 30, 1998. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

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

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

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 \$5,000 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.

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 1995. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the general fund. As of September 30, 1998, such interfund premiums did not exceed reimbursable expenditures. Interfund premiums are based primarily upon the individual funds' payroll and are reported as expenditures in the individual funds.

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 \$5,000. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the general fund because it is expected to be liquidated with expendable available financial resources. Changes in the balances of claims liabilities during the past year are as follows:

<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims, beginning of fiscal year	\$ -
Incurred claims (including IBNRs)	189,034
Claim payments	161,581
Unpaid claims, end of fiscal year	27,453

**Housing Authority of the City of Shreveport
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**Notes to the General-Purpose Financial Statements
As of and for the Year Ended September 30, 1998**

NOTE 15 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to the general fund to record beginning inventory of \$65,000. In prior years, the Housing Authority did not record inventory.

Stone Vista (a special revenue fund) has a year end of December 31 which is different from the Housing Authority's year end of September 30. Prior to this year, the activity included for Stone Vista was for the prior December year end. A prior period adjustment of \$25,385 was made to record the nine months activity from December 31, 1996, through September 30, 1997. The activity included in the report for the year ended September 30, 1998 is for October 1, 1997 through September 30, 1998.

NOTE 16 - SUBSEQUENT EVENTS

The Housing Authority plans to purchase a 124 unit non-HUD apartment complex. Nine homes will be purchased for the development project LA 2-11.

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Shreveport, Louisiana**

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**Housing Authority of the City of Shreveport
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SUPPLEMENTAL INFORMATION

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

SPECIAL REVENUE FUNDS

RENTAL CERTIFICATES

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

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.

MOD REHAB #1, #2, #3, #4, #6, #7, #9, AND #10

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.

GOODMAN PLAZA

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 differences between the approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent.

I-49

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

CHILD CARE

This fund accounts for the revenues and expenditures of a child care center operated for Housing Authority employees and residents.

**Housing Authority of the City of Shreveport
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SPECIAL REVENUE FUNDS (Continued)

STONE VISTA

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 differences between the approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent.

ARMSTRONG CENTER

Community Center for Goodman Plaza. Subsequent to September 30, 1998 this center was closed.

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

**SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 1998**

	<u>RENTAL CERTIFICATES</u>	<u>RENTAL VOUCHERS</u>	<u>MOD REHAB #1</u>	<u>MOD REHAB #2</u>	<u>MOD REHAB #3</u>
ASSETS					
Cash and cash equivalents	\$ 459,651	\$ 353,010	\$ 77,329	\$ 29,888	\$ 0
Investments	676,297	110,095	29,676	33,915	67,831
Accounts receivable	73,995	0	0	0	68,790
Interfund receivable	0	0	0	0	0
Prepaid items	0	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,209,943	\$ 463,105	\$ 107,005	\$ 63,803	\$ 136,621
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 43,371	\$ 91,111	\$ 87,745	\$ 44,047	\$ 0
Deferred revenue	515,076	113,182	0	0	7,434
Interfund payable	0	0	0	0	40,049
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 558,447	\$ 204,293	\$ 87,745	\$ 44,047	\$ 47,483
Fund balances:					
Reserved for prepaid items	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved-undesignated	651,496	258,812	19,260	19,756	89,138
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 651,496	\$ 258,812	\$ 19,260	\$ 19,756	\$ 89,138
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,209,943	\$ 463,105	\$ 107,005	\$ 63,803	\$ 136,621

Exhibit 1

MOD REHAB #4	MOD REHAB #6	MOD REHAB #7	MOD REHAB #9	MOD REHAB #10	GOODMAN PLAZA	I-49
\$ 743	\$ 124,111	\$ 74,337	\$ 22,384	\$ 21,471	\$ 196,517	\$ 27,825
16,958	101,746	105,985	33,915	33,915	1,160,167	418,027
1,474	0	0	1,401	0	29,575	107
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 19,175</u>	<u>\$ 225,857</u>	<u>\$ 180,322</u>	<u>\$ 57,700</u>	<u>\$ 55,386</u>	<u>\$ 1,386,259</u>	<u>\$ 445,959</u>
\$ 6,787	\$ 21,563	\$ 27,077	\$ 0	\$ 10,441	\$ 0	\$ 3,909
423	60,256	58,914	12,113	13,680	0	0
0	0	0	0	0	0	0
<u>\$ 7,210</u>	<u>\$ 81,819</u>	<u>\$ 85,991</u>	<u>\$ 12,113</u>	<u>\$ 24,121</u>	<u>\$ 0</u>	<u>\$ 3,909</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
11,965	144,038	94,331	45,587	31,265	1,386,259	442,050
<u>\$ 11,965</u>	<u>\$ 144,038</u>	<u>\$ 94,331</u>	<u>\$ 45,587</u>	<u>\$ 31,265</u>	<u>\$ 1,386,259</u>	<u>\$ 442,050</u>
<u>\$ 19,175</u>	<u>\$ 225,857</u>	<u>\$ 180,322</u>	<u>\$ 57,700</u>	<u>\$ 55,386</u>	<u>\$ 1,386,259</u>	<u>\$ 445,959</u>

(CONTINUED)

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

**SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 1998**

Exhibit 1

	<u>CHILDCARE</u>	<u>STONE VISTA</u>	<u>ARMSTRONG CENTER</u>	<u>TOTAL</u>
ASSETS				
Cash and cash equivalents	\$ 17,613	\$ 6,255	\$ 16,974	\$ 1,428,108
Investments	0	57,055	79,043	2,924,625
Accounts receivable	0	0	0	175,342
Interfund receivable	0	19,047	0	19,047
Prepaid items	0	70,150	0	70,150
TOTAL ASSETS	\$ 17,613	\$ 152,507	\$ 96,017	\$ 4,617,272
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 190	\$ 5,745	\$ 0	\$ 341,986
Deferred revenue	0	0	0	781,078
Interfund payable	0	0	0	40,049
Total Liabilities	\$ 190	\$ 5,745	\$ 0	\$ 1,163,113
Fund balances:				
Reserved for prepaid items	\$ 0	\$ 70,150	\$ 0	\$ 70,150
Unreserved-undesignated	17,423	76,612	96,017	3,384,009
Total Fund Balances	\$ 17,423	\$ 146,762	\$ 96,017	\$ 3,454,159
TOTAL LIABILITIES AND FUND BALANCE	\$ 17,613	\$ 152,507	\$ 96,017	\$ 4,617,272

(CONCLUDED)

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

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HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana

SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes In Fund Balances
For the Year Ended September 30, 1998

	RENTAL CERTIFICATES	RENTAL VOUCHERS	MOD REHAB #1	MOD REHAB #2	MOD REHAB #3
REVENUES					
Local sources:					
Dwelling rental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest earnings	44,272	8,876	1,723	1,953	4,075
Other	55,004	6,612	0	0	0
Federal sources:					
Annual contributions	6,057,397	1,152,856	22,205	16,659	276,020
Grants	0	0	0	0	0
Total revenues	\$ 6,156,673	\$ 1,168,344	\$ 23,928	\$ 18,612	\$ 280,095
EXPENDITURES					
Current:					
Administration	\$ 619,599	\$ 109,091	\$ 6,067	\$ 6,569	\$ 31,783
Tenant services	0	0	0	0	0
Utilities	0	0	0	0	0
Ordinary maintenance & operations	0	0	0	0	0
General expenditures	0	0	0	0	0
Nonroutine maintenance	0	0	0	0	0
Housing assistance payments	5,440,357	1,016,009	21,732	13,660	248,185
Facilities acquisition and construction	55,048	0	0	0	0
Total expenditures	\$ 6,115,004	\$ 1,125,100	\$ 27,799	\$ 20,229	\$ 279,968
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 41,669	\$ 43,244	\$ (3,871)	\$ (1,617)	\$ 127
OTHER FINANCING SOURCES (USES)					
Operating transfers in	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Operating transfers out	0	0	0	0	0
Total other financing sources (uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	41,669	43,244	(3,871)	(1,617)	127

Exhibit 2

MOD REHAB #4	MOD REHAB #6	MOD REHAB #7	MOD REHAB #9	MOD REHAB #10	GOODMAN PLAZA	I-49
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 345,484	\$ 148,903
1,019	6,947	6,346	2,037	1,203	45,732	25,799
0	0	0	0	0	42,116	3,985
63,869	700,401	715,206	124,619	152,539	633,654	0
0	0	0	0	0	0	0
<u>\$ 64,888</u>	<u>\$ 707,348</u>	<u>\$ 721,552</u>	<u>\$ 126,656</u>	<u>\$ 153,742</u>	<u>\$ 1,066,986</u>	<u>\$ 178,687</u>
\$ 7,027	\$ 48,163	\$ 48,805	\$ 16,358	\$ 15,360	\$ 88,933	\$ 60,829
0	0	0	0	0	0	197
0	0	0	0	0	158,609	1,074
0	0	0	0	0	264,394	94,797
0	0	0	0	0	57,688	0
0	0	0	0	0	27	40,621
57,505	645,835	662,101	105,232	136,363	0	0
0	0	0	0	0	65,884	3,350
<u>\$ 64,532</u>	<u>\$ 693,998</u>	<u>\$ 710,906</u>	<u>\$ 121,590</u>	<u>\$ 151,723</u>	<u>\$ 635,535</u>	<u>\$ 200,868</u>
\$ 356	\$ 13,350	\$ 10,646	\$ 5,066	\$ 2,019	\$ 431,451	\$ (22,181)
0	0	0	0	0	234,588	0
0	0	0	0	0	(488,344)	0
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (253,756)</u>	<u>\$ 0</u>
\$ 356	\$ 13,350	\$ 10,646	\$ 5,066	\$ 2,019	\$ 177,695	\$ (22,181)

(CONTINUED)

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

**SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended September 30, 1998**

	<u>RENTAL CERTIFICATES</u>	<u>RENTAL VOUCHERS</u>	<u>MOD REHAB #1</u>	<u>MOD REHAB #2</u>	<u>MOD REHAB #3</u>
FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 609,827	\$ 215,568	\$ 23,131	\$ 21,373	\$ 89,011
PRIOR PERIOD ADJUSTMENT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	<u>\$ 609,827</u>	<u>\$ 215,568</u>	<u>\$ 23,131</u>	<u>\$ 21,373</u>	<u>\$ 89,011</u>
FUND BALANCES AT END OF YEAR	<u>\$ 651,496</u>	<u>\$ 258,812</u>	<u>\$ 19,260</u>	<u>\$ 19,756</u>	<u>\$ 89,138</u>

Exhibit 2

<u>MOD REHAB #4</u>	<u>MOD REHAB #6</u>	<u>MOD REHAB #7</u>	<u>MOD REHAB #9</u>	<u>MOD REHAB #10</u>	<u>GOODMAN PLAZA</u>	<u>I-49</u>
\$ 11,609	\$ 130,688	\$ 83,685	\$ 40,521	\$ 29,246	\$ 1,208,564	\$ 464,231
0	0	0	0	0	0	0
<u>\$ 11,609</u>	<u>\$ 130,688</u>	<u>\$ 83,685</u>	<u>\$ 40,521</u>	<u>\$ 29,246</u>	<u>\$ 1,208,564</u>	<u>\$ 464,231</u>
<u>\$ 11,965</u>	<u>\$ 144,038</u>	<u>\$ 94,331</u>	<u>\$ 45,587</u>	<u>\$ 31,265</u>	<u>\$ 1,386,259</u>	<u>\$ 442,050</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana

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

Exhibit 2

	CHILD CARE	STONE VISTA	ARMSTRONG CENTER	TOTAL
REVENUES				
Local sources:				
Dwelling rental	\$ 0	\$ 0	\$ 0	494,387
Interest earnings	1,928	52,074	4,610	208,594
Other	36,390	0	16,850	160,957
Federal sources:				
Annual contributions	0	858,765	0	10,774,190
Grants	10,580	0	0	10,580
Total revenues	\$ 48,898	\$ 910,839	\$ 21,460	\$ 11,648,708
EXPENDITURES				
Current:				
Administration	\$ 11,367	\$ 27,698	\$ 900	1,098,549
Tenant services	41,178	0	7,203	48,578
Utilities	3,063	0	2,094	164,840
Ordinary maintenance & operations	540	0	200	359,931
General expenditures	0	0	0	57,688
Nonroutine maintenance	0	0	0	40,648
Housing assistance payments	0	842,813	0	9,189,792
Facilities acquisition and construction	0	0	0	124,282
Total expenditures	\$ 56,148	\$ 870,511	\$ 10,397	\$ 11,084,308
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (7,250)	\$ 40,328	\$ 11,063	\$ 564,400
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 0	\$ 0	\$ 0	234,588
Operating transfers out	0	0	0	(488,344)
Total other financing sources (uses)	\$ 0	\$ 0	\$ 0	(253,756)
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(7,250)	40,328	11,063	310,644

(CONTINUED)

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

**SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended September 30, 1998**

Exhibit 2

	CHILDCARE	STONE VISTA	ARMSTRONG CENTER	TOTAL
FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 24,673	\$ 81,049	\$ 84,954	\$ 3,118,130
PRIOR PERIOD ADJUSTMENT	0	25,385	0	25,385
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	\$ 24,673	\$ 106,434	\$ 84,954	\$ 3,143,515
FUND BALANCES AT END OF YEAR	\$ 17,423	\$ 146,762	\$ 96,017	\$ 3,454,159

(CONCLUDED)

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

DEBT SERVICE FUNDS

OWNED

This fund is used to accumulate monies to pay the principal and interest on single issue bonds and federal financing bank notes. These bonds and notes were issued to finance construction of the development project.

GOODMAN PLAZA

This fund is used to accumulate monies to pay the principal and interest on the mortgage revenue bonds used to finance Goodman Plaza, a 170 unit complex.

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

**Combining Balance Sheet
Debt Service Funds
September 30, 1998**

Exhibit 3

	<u>OWNED</u>	<u>GOODMAN PLAZA</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 690	\$ 0	\$ 690
Investments	0	759,670	759,670
Receivables	<u>108,923</u>	<u>0</u>	<u>108,923</u>
TOTAL ASSETS	<u>\$ 109,613</u>	<u>\$ 759,670</u>	<u>\$ 869,283</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	<u>\$ 108,923</u>	<u>\$ 0</u>	<u>\$ 108,923</u>
Total liabilities	<u>\$ 108,923</u>	<u>\$ 0</u>	<u>\$ 108,923</u>
Fund Balances:			
Reserved for debt service	<u>\$ 690</u>	<u>\$ 759,670</u>	<u>\$ 760,360</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 109,613</u>	<u>\$ 759,670</u>	<u>\$ 869,283</u>

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

**Combining Statement of Revenues, Expenditures,
and Changes In Fund Balances
Debt Service Funds
For the Year Ended September 30, 1998**

Exhibit 4

	OWNED	GOODMAN PLAZA	TOTAL
REVENUES			
Local sources:			
Interest earnings	\$ 0	\$ 54,642	\$ 54,642
Federal sources:			
Annual contributions	108,923	0	108,923
Total revenues	\$ 108,923	\$ 54,642	\$ 163,565
EXPENDITURES			
Debt Service:			
Principal retirement	\$ 72,393	\$ 115,000	\$ 187,393
Interest and bank charges	35,934	292,983	328,917
Total expenditures	\$ 108,327	\$ 407,983	\$ 516,310
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 596	\$ (353,341)	\$ (352,745)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	\$ 0	\$ 488,344	\$ 488,344
Operating transfers out	0	(234,588)	(234,588)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 0	\$ 253,756	\$ 253,756
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 596	\$ (99,585)	\$ (98,989)
FUND BALANCES AT BEGINNING OF YEAR	94	859,255	859,349
FUND BALANCES AT END OF YEAR	\$ 690	\$ 759,670	\$ 760,360

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

CAPITAL PROJECTS FUNDS

**CGP 707, 1998
CGP 706, 1997
CGP 705, 1996
CGP 704, 1995**

These funds account for the federal HUD funded "Comprehensive Grant" program.

**Development 2-09
Development 2-10**

These funds account for the federal HUD funded "Modernization and Development" program.

Development 2-11

This fund accounts for the federal HUD funded "Homeownership" program.

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

**Combining Balance Sheet
Capital Projects Funds
September 30, 1998**

	CGP 707 1998	CGP 706 1997	CGP 705 1996	CGP 704 1995
ASSETS				
Cash and cash equivalents	\$ 0	\$ 232	\$ 0	\$ 0
Receivables	5,622	0	460	0
Total assets	\$ 5,622	\$ 232	\$ 460	\$ 0
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	\$ 0	\$ 232	\$ 0	\$ 0
Interfund payable	5,622	0	460	0
Total liabilities	\$ 5,622	\$ 232	\$ 460	\$ 0
 Fund balances:				
Undesignated	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities and Fund Balances	\$ 5,622	\$ 232	\$ 460	\$ 0

Exhibit 5

DEVELOPMENT 2-09	DEVELOPMENT 2-10	DEVELOPMENT 2-11	TOTAL
\$ 0	\$ 0	\$ 8,269	\$ 8,501
0	0	0	6,082
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,269</u>	<u>\$ 14,583</u>
\$ 0	\$ 0	\$ 8,269	\$ 8,501
43	4,789	0	10,914
<u>\$ 43</u>	<u>\$ 4,789</u>	<u>\$ 8,269</u>	<u>\$ 19,415</u>
\$ (43)	\$ (4,789)	\$ 0	\$ (4,832)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,269</u>	<u>\$ 14,583</u>

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Capital Projects Funds
For the Year Ended September 30, 1998**

	<u>CGP 707 1998</u>	<u>CGP 706 1997</u>	<u>CGP 705 1996</u>	<u>CGP 704 1995</u>
REVENUES				
Federal sources - Grants	\$ 5,622	\$ 156,847	\$ 602,966	\$ 236,715
Total revenues	<u>\$ 5,622</u>	<u>\$ 156,847</u>	<u>\$ 602,966</u>	<u>\$ 236,715</u>
EXPENDITURES				
Facilities acquisition and construction	\$ 5,622	\$ 156,819	\$ 602,506	\$ 214,391
Total expenditures	<u>\$ 5,622</u>	<u>\$ 156,819</u>	<u>\$ 602,506</u>	<u>\$ 214,391</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 0</u>	<u>\$ 28</u>	<u>\$ 460</u>	<u>\$ 22,324</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>0</u>	<u>(28)</u>	<u>(460)</u>	<u>(22,324)</u>
FUND BALANCE AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Exhibit 6

DEVELOPMENT 2-09	DEVELOPMENT 2-10	DEVELOPMENT 2-11	TOTAL
\$ 0	\$ 0	\$ 10,000	\$ 1,012,150
\$ 0	\$ 0	\$ 10,000	\$ 1,012,150
\$ 0	\$ 0	\$ 10,000	\$ 989,338
\$ 0	\$ 0	\$ 10,000	\$ 989,338
\$ 0	\$ 0	\$ 0	\$ 22,812
(43)	(4,789)	0	(27,644)
\$ (43)	\$ (4,789)	\$ 0	\$ (4,832)

**Housing Authority of the City of Shreveport
Shreveport, 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 SHREVEPORT
 Shreveport, Louisiana

TENANTS' SECURITY DEPOSITS
LOW RENT, 1-49, GOODMAN PLAZA
 Schedule of Changes in Deposits Due Others
 For the Year Ended September 30, 1998

Exhibit 7

PROJECT	Balance, Beginning	Additions	Deductions	Balance, Ending
LA 2 - 1	\$ 16,172	\$ 7,025	\$ 5,987	\$ 17,210
LA 2 - 2	11,006	4,575	5,195	10,386
LA 2 - 3	8,587	1,300	1,575	8,312
LA 2 - 4	6,482	1,250	1,075	6,657
LA 2 - 5	6,287	1,025	1,400	5,912
LA 2 - 7	2,143	600	500	2,243
LA 2 - 8	4,654	600	462	4,792
LA 2 - 9	918	75	75	918
LA 2 - 10	2,645	75	75	2,645
I-49	5,175	1,300	1,300	5,175
GOODMAN PLAZA	<u>9,725</u>	<u>1,500</u>	<u>1,850</u>	<u>9,375</u>
TOTAL	<u>\$ 73,794</u>	<u>\$ 19,325</u>	<u>\$ 19,494</u>	<u>\$ 73,625</u>

**Housing Authority of the City of Shreveport
Shreveport, 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:

Bob Owens	Chairman
Harold Kelly	Vice Chairman
E. A. Gene Richardson	
Milton Williams	
Reverend Dr. Murphy L. Hunt	

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

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

Exhibit 8

SECTION 8 (ACC FW 2075, 77-393 & 2163)

	CERTIFICATE VOUCHERS MOD REHAB	GOODMAN PLAZA	STONE VISTA
UNRESERVED SURPLUS			
Balance Per Prior Audit	\$ (130,941,073)	\$ 469,618	\$ (12,306,892)
NET LOSS	(9,050,325)	224,730	(818,437)
HUD adjustments	15,161,123	0	0
(Provision for) Reduction of:			
Operating Reserve	(132,127)	4,969	(40,328)
Project Account	<u>(809,445)</u>	<u>0</u>	<u>(109,740)</u>
BALANCE, ENDING	<u>\$ (125,771,847)</u>	<u>\$ 699,317</u>	<u>\$ (13,275,397)</u>
OPERATING RESERVE			
BALANCE, BEGINNING	\$ 1,254,655	\$ 273,367	\$ 106,435
Family Self Sufficiency	61,616		
Provision for (Reduction of)			
Operating Reserve	132,127	(4,969)	40,328
Cash redeposit (withdrawal)	<u>(82,701)</u>	<u>0</u>	<u>0</u>
BALANCE, ENDING	<u>\$ 1,365,697</u>	<u>\$ 268,398</u>	<u>\$ 146,763</u>

(CONTINUED)

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

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

Exhibit 8

SECTION 8 (ACC FW 2075, 77-393 & 2163)

	CERTIFICATE VOUCHERS MOD REHAB	GOODMAN PLAZA	STONE VISTA
 PROJECT ACCOUNT UNFUNDED			
BALANCE, BEGINNING	\$ 19,960,709	\$ 928,970	\$ 524,859
HUD adjustments	(15,161,123)	0	0
Provision for (Reduction of) Project Account Unfunded	<u>809,445</u>	<u>0</u>	<u>109,740</u>
BALANCE, ENDING	<u>\$ 5,609,031</u>	<u>\$ 928,970</u>	<u>\$ 634,599</u>
 CUMULATIVE HUD CONTRIBUTION			
BALANCE, BEGINNING	\$ 111,112,047	\$ 0	\$ 11,782,032
HUD adjustments	0	0	0
Annual Contribution Earned Section 8	<u>9,281,771</u>	<u>0</u>	<u>858,765</u>
BALANCE, ENDING	<u>\$ 120,393,818</u>	<u>\$ 0</u>	<u>\$ 12,640,797</u>
 TOTAL SURPLUS	 <u>\$ 1,596,699</u>	 <u>\$ 1,896,685</u>	 <u>\$ 146,762</u>

(CONCLUDED)

**HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
Shreveport, Louisiana**

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

Exhibit 9

PHA OWNED HOUSING (ACC FW 923)

	PHA OWNED	PHA LEASED	TOTAL PHA OWNED HOUSING
CUMULATIVE HUD CONTRIBUTIONS AND GRANTS			
BALANCE, BEGINNING	\$ 51,571,444	\$ 3,498,922	\$ 39,343,837
Comprehensive Grants	1,012,150	0	0
Annual Contribution	108,923	0	0
Operating Subsidy	<u>1,220,775</u>	<u>0</u>	<u>1,220,775</u>
BALANCE ENDING	<u>\$ 53,913,292</u>	<u>\$ 3,498,922</u>	<u>\$ 40,564,612</u>
CUMULATIVE DONATIONS			
BALANCE, BEGINNING AND ENDING	<u>\$ 13,920</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL SURPLUS	<u>\$ 40,732,789</u>	<u>\$ 104,416</u>	<u>\$ 23,975,683</u>

(CONCLUDED)

Housing Authority of the City of Shreveport
Shreveport, Louisiana

GOODMAN PLAZA
Balance Sheet

Prepared for Bond Indenture
September 30, 1998

Exhibit 10

ASSETS

Cash	\$ 205,893
Investments	1,160,167
Accounts receivable	29,576
Debt amortization funds	759,672
Unamortized bond discount and issue costs	256,554
Land, structures and equipment	4,651,653
Accumulated depreciation	<u>(513,975)</u>
Total assets	<u>\$ 6,549,540</u>

LIABILITIES AND SURPLUS

Liabilities:	
Accounts payable	\$ 9,375
Bonds issued	5,295,000
Bonds retired	<u>(535,000)</u>
Total liabilities	4,769,375
Surplus:	<u>1,780,165</u>

TOTAL LIABILITIES AND SURPLUS \$ 6,549,540

Housing Authority of the City of Shreveport
Shreveport, Louisiana

GOODMAN PLAZA
Statement of Revenues, Expenditures,
and Changes in Surplus

Prepared for Bond Indenture
For the Year Ended September 30, 1998

Exhibit 11

OPERATING REVENUES

Dwelling rental	\$ 345,484
Interest income	100,375
Federal revenue	633,654
Other income	<u>42,116</u>

Total operating revenues 1,121,629

OPERATING EXPENDITURES

Administration	106,376
Utilities	158,785
Ordinary maintenance and operations	264,837
General expense	57,715
Prior period adjustment	<u>(3,482)</u>

Total operating expenditures 584,231

OTHER CHARGES

Interest and administration charges	289,711
Depreciation	102,795
Amortization	<u>12,827</u>

Total other charges 405,333

NET INCOME 132,065

BEGINNING SURPLUS 1,648,100

ENDING SURPLUS \$ 1,780,165

**Housing Authority of the City of Shreveport
Shreveport, 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**

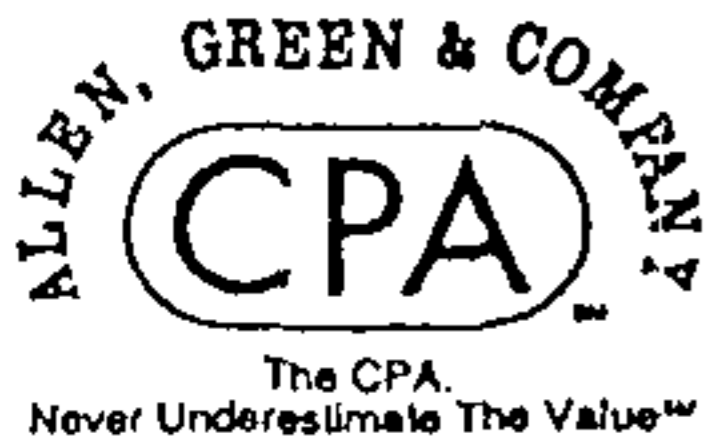
The second report following this page contains information on the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular No. A-133. The section of the report on compliance is related to tests of compliance with laws, 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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Tim Green, CPA

Margie Williamson, CPA

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

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

We have audited the financial statements of the Housing Authority of the City of Shreveport, Shreveport, Louisiana, as of and for the year ended September 30, 1998, and have issued our report thereon dated January 15, 1999. Our report was qualified because required disclosures about year 2000 issues were omitted. 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Housing Authority in a separate letter dated January 15, 1999.

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.

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 January 15, 1999, included later in this report in the section titled Management Letter Items.

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

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

allen, Green + Company, LLP

ALLEN, GREEN & COMPANY, LLP

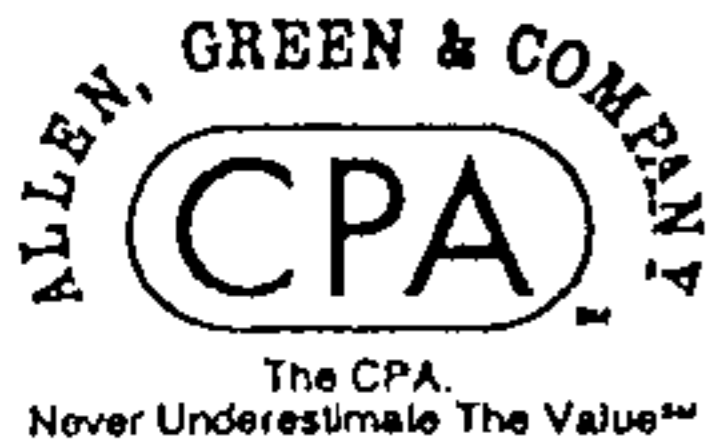
Monroe, Louisiana
January 15, 1999

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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 Shreveport
Shreveport, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Shreveport, Shreveport, 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 September 30, 1998. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

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

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1998. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular No. A-133 and which is described in the accompanying schedule of findings and questioned costs as item 98-F1.

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 Shreveport
Shreveport, 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.

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

Allen, Green + Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
January 15, 1999

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

**Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 1998**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Agriculture Passed through Louisiana Department of Education: Child and Adult Care Food Program	10.558	N/A	\$ <u>10,580</u>
United States Department of Education Passed Through Louisiana Department of Education: Adult Education - State Administered Basic Grant Program (Gateway Grant)	84.002	N/A	<u>23,297</u>
United States Department of Housing and Urban Development Direct Programs			
Public and Indian Housing			
Basic Contribution	14.850	FW923	108,923
Operating Subsidy	14.850	FW923	<u>1,220,775</u>
Total Program			<u>1,329,698</u>
Public and Indian Housing Drug Elimination Program	14.854	FW923	<u>9,732</u>
Public and Indian Housing Comprehensive Grant Programs	14.852	N/A	<u>1,002,150</u>
Section 8 Rental Certificate Program	14.857	FW2075	<u>6,057,397</u>
Section 8 Moderate Rehabilitation			
Mod Rehab #1	14.856	FW2075	22,205
Mod Rehab #2	14.856	FW2075	16,659
Mod Rehab #3	14.856	FW2075	276,020
Mod Rehab #4	14.856	FW2075	63,869
Mod Rehab #6	14.856	FW2075	700,401
Mod Rehab #7	14.856	FW2075	715,206
Mod Rehab #9	14.856	FW2075	124,619
Mod Rehab #10	14.856	FW2075	<u>152,539</u>
Total Program			<u>2,071,518</u>
Section 8 Rental Vouchers Program	14.855	FW2075	<u>1,152,856</u>
Section 8 New Construction	14.182	N/A	<u>1,492,419</u>
Home Investment Partnerships Program (Home Program)	14.239	N/A	<u>10,000</u>
Total United States Department of Housing and Urban Development			<u>13,125,770</u>
Total Cash Federal Awards			<u>\$13,159,647</u>

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

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

NOTE 1 - GENERAL

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

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

General fund	\$ 1,253,804
Special revenue funds:	
Rental certificates	6,057,397
Vouchers	1,152,856
MOD Rehab #1	22,205
MOD Rehab #2	16,659
MOD Rehab #3	276,020
MOD Rehab #4	63,869
MOD Rehab #6	700,401
MOD Rehab #7	715,206
MOD Rehab #9	124,619
MOD Rehab #10	152,539
Goodman Plaza	633,654
Child care	10,580
Stone Vista	858,765
Debt service funds:	
Owned	108,923
Capital project funds:	
CGP 707, 1998	5,622
CGP 706, 1997	156,847
CGP 705, 1996	602,966
CGP 704, 1995	236,715
Development 2-11	<u>10,000</u>
Total	<u>\$13,159,647</u>

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

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

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 5 - 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 - LOANS OUTSTANDING

The U. S. Department of Housing and Urban Development has guaranteed through the annual contribution contract the single issue bonds and federal financing bank notes totaling \$632,818 of the Housing Authority at year end.

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

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

PART I - Summary of the Auditors' Results

Financial statement audit

- i. The type of audit report issued was qualified.
- 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 were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed an audit finding which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:
 - Section 8 Cluster
 - CFDA #14.182 New Construction and Substantial Rehabilitation
 - CFDA #14.855 Rental Voucher Program
 - CFDA #14.856 Lower Income Housing Assistance Program - Moderate Rehabilitation
 - CFDA #14.857 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 \$397,834.
- 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 Shreveport
Shreveport, Louisiana

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

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

Reference # and title: 98-F1 Inadequate Procedures Over Performing Rent
Reasonableness Test

Federal program and specific federal award identification: Department of Housing and Urban
Development.

Entity-wide or program/department specific: This finding relates only to Section 8 Rental Certificates.

Criteria or specific requirement: The Housing Authority must have controls in place to document on a case-
by-case basis that the contract rent for each unit for which a lease has been approved is reasonable in relation
to rents currently being charged for comparable units in the private unassisted market.

Condition found: The Housing Authority uses three comparables for each bedroom size. The comparables
for three-bedroom units has not changed since 1993. The same units and rent amounts are used presently as
were used in 1993.

Identification of questioned costs and how they were computed: Questioned costs cannot be determined.

Possible asserted effect (cause and effect):

Cause: According to the Section 8 manager comparable units are hard to find because landlords will not
share this information.

Effect: The Housing Authority does not have adequate documentation that rents charged for three-
bedroom units are reasonable in relation to rents charged in the private unassisted market.

Recommendations to prevent future occurrences: Procedures should be developed to obtain information
on comparable units to ensure that contract rent is reasonable in relation to rents charged for these units.

**Housing Authority of the City of Shreveport
Shreveport, 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 Shreveport. 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 Shreveport
Shreveport, Louisiana**

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

Reference # and title: **98-F1** **Inadequate Procedures Over Performing Rent Reasonableness Test**

Description: The Housing Authority must have controls in place to document on a case-by-case basis that the contract rent for each unit for which a lease has been approved is reasonable in relation to rents currently being charged for comparable units in the private unassisted market.

Condition found: The Housing Authority uses three comparables for each bedroom size. The comparables for three-bedroom units has not changed since 1993. The same units and rent amounts are used presently as were used in 1993.

Corrective action planned: A directive will be issued to the Section 8 contract administrator to conduct a rent comparability study city-wide by unit bedroom size and type immediately and annually thereafter for the duration of the contracted period. The Housing Authority will assign responsibility for ensuring the Section 8 contract administrator has designated an individual to apply the rent reasonableness test on each participating Section 8 unit.

Person responsible for corrective action:

Ms. Donzetta Kimble, Executive Director	Telephone: (318) 227-8174
Housing Authority of the City of Shreveport	Fax: (318) 221-2579
623 Jordan Street	
Shreveport, Louisiana 71101	

Anticipated completion date: Immediately.

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

Management Letter Items

ALLEN, GREEN & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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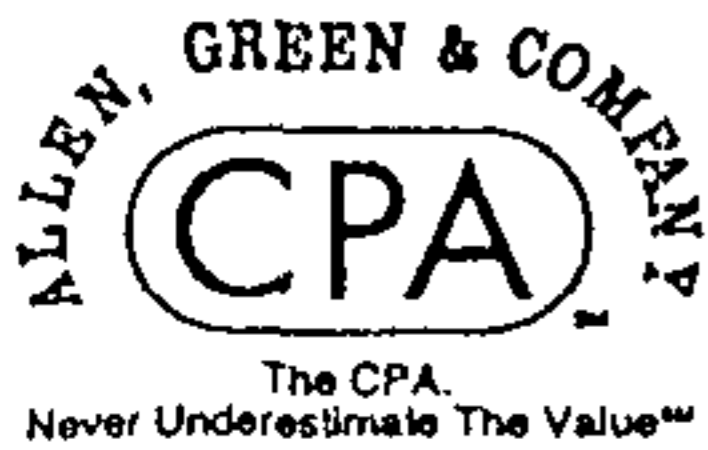
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Tim Green, CPA

Margie Williamson, CPA



Management Letter

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

In planning and performing our audit of the general-purpose financial statements of the Housing Authority of the City of Shreveport, for the year ended September 30, 1998, 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 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 dated January 15, 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 internal control 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 as follows:

98-M1 Error Reports From Multifamily Tenant Characteristics System (MTCS)

Comment: This comment applies only to Section 8. The Housing Authority should have procedures in place to handle error reports from the MTCS Processing Center. According to the people responsible for processing the information, no procedures are in place to address these error reports.

Recommendation: Procedures should be adopted which address the error reports from MTCS including a time frame for resolving differences.

Management's Response: A directive will be issued to the Section 8 contract administrator to act on MTCS reports returned for corrections upon receipt, and complete and transmit all deferred MTCS reports to the MTCS processing center. A Housing Authority employee will be assigned the responsibility of monitoring the Section 8 contract administrator for compliance.

98-M2 Suggestions to Improve Accounting System

Comment: The Section 8 Existing, Voucher and Mod Rehab programs are accounted for in one fund. Revenue and expenditure items are detailed by program but the balance sheet for all programs is consolidated. For reporting purposes the programs are separated and the balance sheet must now be separated by use of a spreadsheet.

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

Recommendation: We suggest these programs be accounted for in separate funds or if one fund is used the balance sheet could be detailed by program as the revenues and expenditures are detailed.

Management's Response: We agree with the recommendation. One fund will be used with the balance sheet detailed by program. The change will be implemented for the fiscal year ending September 30, 1999.

Comment: The Goodman Plaza debt service fund is not set up on the Housing Authority's books. Presently, some of the activity is recorded but not all the activity. For reporting purposes the activity in this fund is recorded from a spreadsheet.

Recommendation: Activity for this fund should be recorded monthly from the First Tennessee Bank statements.

Management's Response: We agree with the recommendation. A debt service fund for Goodman Plaza will be set up on the general ledger and monthly activity will be posted. The change will be implemented for the fiscal year ending September 30, 1999.

Comment: Stone Vista has a December 31 year-end and the activity included in the general ledger at September 30 did not include a full year. For reporting purposes Stone Vista activity is included for October through September.

Recommendation: We suggest the books reflect the activity for October through September.

Management's Response: We agree with the recommendation. Stone Vista will be converted to the Housing Authority's year end of September 30 for general ledger recording. The change will be implemented for the fiscal year ending September 30, 1999.

98-M3 Year 2000 Compliance

Comment: The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect operations in the year 1999 and beyond. For many years programmers eliminated the first two digits from a year when writing programs. When the internal clocks in computers and other equipment roll over from 12/31/99 to 01/01/00 many programs (if not corrected) will not be able to distinguish between the year 2000 and the year 1900. This may cause the programs to process data inaccurately or to stop processing data altogether.

The Governmental Accounting Standards Board has issued a Technical Bulletin which identifies four stages as necessary to implement a year 2000 compliant system. These four stages are described below:

Awareness Stage - Encompasses establishing a budget and project plan for dealing with the year-2000 issue.

Assessment Stage - The organization actually begins the process of identifying all of its systems and individual components of the systems.

Remediation Stage - The organization actually makes changes to systems and equipment. Decisions are made on how to make the systems or processes year 2000 compliant and the required system changes are made.

Validation/Testing Stage - The organization validates and tests the changes made during the conversion process.

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

Recommendation: We suggest the Housing Authority evaluate their progress in making computer systems and processes year 2000 compliant.

Management's response: The Housing Authority has no tangible information as to the effect or impact Y2K will have on its electronic and other equipment with respect to malfunctions, accuracy, operability, etc. However, the Housing Authority is prepared to function manually to carry out its mission in a satisfactory and uninterrupted manner.

Included immediately following this letter is a Status of Prior Management Letter Items.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist. This report is intended for the information of the Board, management, federal awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
January 15, 1999

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

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

97-M1 Responsible for PHMAP

Comment: The Housing Authority should make each department head responsible for monitoring, documenting, and completing their respective portion of PHMAP. Department heads should be trained for this work. The computer printouts for vacancy are inaccurate. The responsible staff member should correct the problem and evaluate the vacancy reports regularly. The Section 8 department should consider the proposed SEMAP and determine if their systems are adequate to report under SEMAP.

Corrective action taken: A plan was developed immediately to train department heads to become proficient in the PHMAP certification process. This plan included training on PHMAP indicators and defined departmental PHMAP responsibility.

97-M2 Cooperative Agreement With the City of Shreveport

Comment: The Housing Authority has entered into a cooperation agreement with the city of Shreveport which includes a Payment in Lieu of Taxes (PILOT) from the Housing Authority to the city. The PILOT insures that residents of the Housing Authority are provided all city services that other residents of the city receive. The Housing Authority should consider whether the city is providing police protection according to the cooperative agreement.

Corrective action taken: The security committee and executive staff met with the chief of police, assistant chief and patrol commander to make them aware of the cooperative agreement and the contents of the agreement. The local police agreed to increase their patrol for visibility on and near the public housing properties.

97-M3 Internal Control Over the Rent Collection Department

Comment: The Housing Authority should strengthen the internal controls of its rent collection department. One person has too much control over the functions of this department. The supervisor should review more tenant files than she is now reviewing. Additionally, any adjustment to a tenant account receivable or tenant security deposit should be reviewed and approved in writing by the supervisor.

Corrective action taken: Several steps were taken to strengthen control in the rent collection office including *employing additional staff to free the department head to perform more supervisory duties, having the supervisor make frequent trips to the satellite offices to monitor subordinates management performance, assigning the accounting department the responsibility of overseeing the financial aspects of tenant accounting including analytical review and reconciling transactions with deposit slips, and requiring all site managers to provide the accounting department with a report of rent adjustments for the month.*