

**THE HOUSING AUTHORITY
OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED SEPTEMBER 30, 2018**

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Shreveport as of and for the year ended September 30, 2018, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

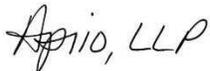
Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. Supplementary data is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Financial Data Schedule is presented for the Department of Housing and Urban Development's information and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Additionally, the accompanying Schedule of Compensation, Benefits and Other Payments to the Executive Director is presented for the Office of the Louisiana Legislative Auditor's information and is not a required part of the basic financial statements.

The Financial Data Schedule, the Schedule of Expenditures of Federal Awards and other supplementary data are the responsibility of management and were derived from and relate directly to the underlying accounting data and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting data and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2019 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Birmingham, Alabama
March 27, 2019

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Authority, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 27, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Aprio, LLP

Birmingham, Alabama
March 27, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended September 30, 2018. The Authority's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards (Uniform Guidance)*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with *Uniform Guidance*.

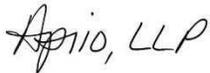
Report on Internal Control Over Compliance

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

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

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

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



Birmingham, Alabama
March 27, 2019

Management's Discussion and Analysis

The Housing Authority of the City of Shreveport, Louisiana September 30, 2018

Preamble

The Housing Authority of the City of Shreveport ("hereinafter called the "Authority") is an autonomous, quasi-governmental entity (referred to as a special-purpose government by GASB Statement Number 34) which is predominately funded through the United States Department of Housing and Urban Development operating subsidies and modernization of capital grants. Even though the Authority collects rent from its tenants, without HUD funding, the Authority would not be able to sustain its operations and activities.

Presentation

The requirements of GASB Statement No. 34 mandate all local governmental financial statements to include a Management Discussion & Analysis (MD&A). The goal of the MD&A is to give readers an objective and easily readable overview of the Authority's financial performance. The MD&A is designed to focus on the Authority's most relevant financial information regarding overall financial performance to aid users on assessing whether financial position has improved or deteriorated as a result of the year's operations. Hereinafter, the Authority will briefly discuss the enclosed financial statements and will describe, as well, the currently known facts, decisions, or conditions expected to have a significant impact on financial position or the results of operations.

FINANCIAL HIGHLIGHTS

- The Authority's Net Position increased at year end by \$3,449,925. Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$20,442,692 and \$23,892,617 for 2017 and 2018 respectively.
- The Authority's revenues increased by \$4,646,221 during 2018. Revenues were \$17,424,433 and \$22,070,654 for 2017 and 2018 respectively.
- Total program expenses of the Authority's programs increased by \$2,209,389. Total expenses were \$16,411,340 and \$18,620,729 for 2017 and 2018 respectively.

REVIEW OF THIS ANNUAL REPORT

The following information is for review and consideration:

MD&A

Management's Discussion and Analysis

Basic Financial Statements

Authority Wide Financial Statements
Notes to the Financial Statements

Other Required Supplementary Information

Required Supplementary Information

Authority-Wide Financial Statements

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consist of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income and HUD subsidies, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Changes in Net Position", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Enterprise Fund

The Authority consists exclusively of an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Significant Programs of the Authority:

Low Rent Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Capital Fund Program – Under the Capital Fund Program, the Authority administers various constructions contracts to maintain the apartments long term viability.

Housing Choice Vouchers Program – Under the Housing Choice Vouchers Program, the Board administers contracts with independent landlords that own the property. The Board subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Board to structure a lease that sets the participants' rent at 30% of household income.

Central Office Cost Center (COCC) – The Authority established the COCC to manage and oversee the operations of the Public Housing Developments, Housing Choice Vouchers Program, and other grant programs. Utilizing a "fee for service" approach, the COCC recognizes revenues through management and service fees charged to the other programs. Management fees cannot exceed the "safe harbor" amount established by HUD.

Other programs are:

State and Local
Business Activities
HOPE VI

Table 1 reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

Table 1
STATEMENT OF NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Assets:			
Current Assets & Restricted Assets	\$ 9,075,434	\$ 7,720,369	\$ 1,355,065
Capital and Non-Current Assets	16,608,682	14,553,697	2,054,985
Total Assets	<u>\$ 25,684,116</u>	<u>\$ 22,274,066</u>	<u>\$ 3,410,050</u>
Liabilities:			
Current Liabilities	\$ 841,414	\$ 881,986	\$ (40,572)
Non Current Liabilities	950,085	949,388	697
Total Liabilities	<u>\$ 1,791,499</u>	<u>\$ 1,831,374</u>	<u>\$ (39,875)</u>
Net Position			
Net Investment in Capital Assets	\$ 11,055,666	\$ 13,708,197	\$ (2,652,531)
Restricted Net Position	-	90,490	(90,490)
Unrestricted Net Position	12,836,951	6,644,005	6,192,946
Total Net Position	<u>\$ 23,892,617</u>	<u>\$ 20,442,692</u>	<u>\$ 3,449,925</u>

Major Factors Affecting the Statement of Net Position

As illustrated, in the Statement of Net Position, the overall Net Position of the Authority increased by \$3,449,925. Current and restricted assets increased by \$1,355,065. Current and restricted assets increased primarily due to an increase in cash and receivables. Non-current assets increased primarily due an increase in notes receivable offset by a decrease in capital assets due to dispositions and depreciation expense. Liabilities decreased slightly due to a decrease in accrued expenses and amounts due to HUD.

Table 2 presents details on the change in Unrestricted Net Position

Table 2

Unrestricted Net Position, September 30, 2017	\$ 6,644,005
Results of Operations	701,041
Transfer from (to) Restricted Assets	90,490
Capital Additions from Operations	(50,739)
Proceeds from Sale of Capital Assets	4,656,000
Investment Income	108,563
Bad Debt Mortgages	(641,856)
Depreciation Expense	<u>1,329,447</u>
Unrestricted Net Position, September 30, 2018	<u>\$ 12,836,951</u>

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

Table 3
Statement of Revenues and Expenses

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Revenues:			
Tenant Rental Revenue	\$ 1,565,109	\$ 1,870,548	\$ (305,439)
Operating Grants	16,015,378	14,064,699	1,950,679
Capital Grants Received	230,011	991,943	(761,932)
Investment Income	108,563	85,577	22,986
Other Income	1,099,427	411,666	687,761
Gain on Disposition of Assets	3,052,166	-	3,052,166
Total Revenues	<u>\$ 22,070,654</u>	<u>\$ 17,424,433</u>	<u>\$ 4,646,221</u>
Expenses:			
Administrative Expenses	\$ 2,230,422	\$ 2,151,483	\$ 78,939
Tenant Services	126,000	58,801	67,199
Utilities	354,202	376,828	(22,626)
Maintenance & Operations	925,919	1,503,290	(577,371)
General Expense	1,711,565	737,165	974,400
Bad Debt Mortgages	641,856	27,352	614,504
HAP Payments	11,301,318	10,129,074	1,172,244
Depreciation	1,329,447	1,427,347	(97,900)
Total Expenses	<u>\$ 18,620,729</u>	<u>\$ 16,411,340</u>	<u>\$ 2,209,389</u>
Excess (Deficiency) Revenues Over Expenses	<u>\$ 3,449,925</u>	<u>\$ 1,013,093</u>	<u>\$ 2,436,832</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

There was an increase in the excess of revenues over expenses from the prior year. The increase was due to an increase in revenues exceeding an increase in expenses. Revenues increased primarily due to an increase in operating grants received as well as an increase in other revenue due to the sale of 132 units to Shreveport BDB Housing Partners, LLC. Operating grants increased due to an increase in public housing operating subsidy as well as an increase in amounts drawn for operating purposes from capital fund grants. Other income increased due to the receipt of amounts due from the HUD Operating Subsidy settlement.

Expenses increased primarily due to increases in general expenses, bad debt mortgages and HAP expenses offset by a decrease in maintenance expenses. General expense increased due to an increase in consulting expenses related to the Rental Assistance Demonstration (RAD) conversion. The Authority converted 132 units to Rental Assistance Demonstration during the year. Bad Debt expense increased due to the Authority fully reserving a \$600,000 promissory note from Shreveport BDB Housing Partners, LLC. Housing Assistance Payments increased due to an increase in units leased during the year. Maintenance expenses decreased due to a decrease in contract costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$11,055,666 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of 19% from the end of last year.

TABLE 4

	2018	2017	Variance	% Change
Land	\$ 2,065,304	\$ 2,065,304	\$ -	0%
Buildings and Improvements	41,242,795	49,227,418	(7,984,623)	-16%
Furniture and Equipment	2,126,947	2,856,779	(729,832)	-26%
Construction in Progress	1,547,639	1,457,075	90,564	6%
Accumulated Depreciation	(35,927,019)	(41,898,379)	5,971,360	-14%
 Net Capital Assets	 \$ 11,055,666	 \$ 13,708,197	 \$ (2,652,531)	 -19%

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, October 1, 2017	\$ 13,708,197
Additions:	
Capital Fund Program - Improvements	230,011
Operating Funds - Improvements and Equipment	50,739
Disposals (Net)	(1,603,834)
Depreciation Expense	(1,329,447)
Ending Balance, September 30, 2018	\$ 11,055,666

Debt

As of fiscal year-end, the Authority's only long-term debt outstanding was a repayment agreement with HUD in the amount of \$523,054.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Bobby Collins, Executive Director, Shreveport Housing Authority. Specific requests may be submitted to Bobby Collins, Executive Director, Shreveport Housing Authority, 2500 Line Avenue, Shreveport, Louisiana 71104.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Enterprise Fund
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 7,809,883
Accounts Receivable - Other	751,862
Tenants Accounts Receivable	69,301
(Allowance for Doubtful Accounts)	(60,200)
Prepaid Costs	284,626
Total Current Assets	<u>8,855,472</u>
<u>Restricted Assets</u>	
Cash and Cash Equivalents	219,962
Total Restricted Assets	<u>219,962</u>
<u>Capital Assets</u>	
Land	2,065,304
Buildings and Improvements	41,242,795
Furniture and Equipment	2,126,947
Construction in Progress	1,547,639
	<u>46,982,685</u>
(Less): Accumulated Depreciation	<u>(35,927,019)</u>
Net Capital Assets	<u>11,055,666</u>
<u>Other Non-Current Assets</u>	
Notes and Interest Receivable	5,553,016
Total Other Non-Current Assets	<u>5,553,016</u>
<u>Deferred Outflows of Resources</u>	
	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 25,684,116</u></u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Enterprise Fund
<u>Current Liabilities</u>	
Accounts Payable	\$ 340,415
Accrued Wages and Payroll Taxes	94,210
Accrued Compensated Absences	59,566
Accrued PILOT	90,315
Tenant Security Deposits	116,604
Unearned Revenues	53,040
Other Current Liabilities	39,714
Current Portion -- Due to HUD	47,550
Total Current Liabilities	<u>841,414</u>
<u>Long-Term Liabilities</u>	
Accrued Compensated Absences	110,619
FSS Escrows	219,962
Deferred Ground Lease	144,000
Non - Current Portion -- Due to HUD	475,504
Total Long-Term Liabilities	<u>950,085</u>
Total Liabilities	<u>1,791,499</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	
Net Investment in Capital Assets	11,055,666
Unrestricted Net Position	12,836,951
Total Net Position	<u>23,892,617</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 25,684,116</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Enterprise Fund
<u>Operating Revenues</u>	
Dwelling Rent	\$ 1,565,109
Operating Grants	16,015,378
Other Income	1,099,427
Total Operating Revenues	<u>18,679,914</u>
<u>Operating Expenses</u>	
Administrative	2,230,422
Tenant Services	126,000
Utilities	354,202
Maintenance and Operations	925,919
General	1,711,565
Housing Assistance Payments	11,301,318
Depreciation	1,329,447
Total Operating Expenses	<u>17,978,873</u>
Operating Income (Loss)	<u>701,041</u>
<u>Non-Operating Revenues (Expenses)</u>	
Investment Income	6,528
Interest from Mortgages Receivable	102,035
Gain on Disposition of Assets	3,052,166
Bad Debt Mortgages	(641,856)
Total Non-Operating Revenues/(Expenses)	<u>2,518,873</u>
Increase (Decrease) in Net Position Before Capital Contributions and Transfers	<u>3,219,914</u>
Capital Contributions	<u>230,011</u>
Increase (Decrease) in Net Position	3,449,925
Net Position, Beginning	20,442,692
Net Position, Ending	<u>\$ 23,892,617</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Enterprise Fund
<u>Cash flows from operating activities:</u>	
Cash Received from Dwelling Rent	\$ 1,398,811
Cash Received from Operating Grants	15,553,949
Cash Received from Other Sources	1,010,218
Cash Payments for Salaries & Benefits	(2,213,007)
Cash Payments to Vendors & Landlords	(14,374,174)
Net Cash flows provided (used) by operating activities	<u>1,375,797</u>
<u>Cash flows from Non-Capital Financing Activities</u>	
Payment of Amounts due to HUD - Note Payable	(95,100)
Net cash flows provided (used) by non-capital financing activities	<u>(95,100)</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Outlay	(280,750)
Capital Grants Received	388,021
Net cash flows provided (used) by capital and related financing activities	<u>107,271</u>
<u>Cash flows from investing activities:</u>	
Interest Earned from Cash and Cash Equivalents	6,528
Cash Paid out on Notes and Mortgages Receivable	(640,500)
Cash Received from Payments on Notes and Interest Receivable	193,163
Net cash flows provided (used) by investing activities	<u>(440,809)</u>
Net Increase (decrease) in cash and cash equivalents	<u>947,159</u>
Cash and cash equivalents, beginning of year:	<u>7,082,686</u>
Total cash and cash equivalents, end of year	<u>\$ 8,029,845</u>
<u>Reconciliation of operating income to net cash provided by (used in) operating activities:</u>	
Operating Income (Loss)	\$ 701,041
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	1,329,447
Bad Debt Expense	97,793
Change in Accounts Receivable	(657,667)
Change in Prepaid Expenses	(6,042)
Change in Accounts Payable	25,086
Change in Accrued Expenses	(55,965)
Change in Tenant Security Deposits	2,359
Change in Unearned Revenues	(61,628)
Change in Other Liabilities	1,373
Net cash provided by (used in) operating activities	<u>\$ 1,375,797</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements.

FURTHER SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents

The Housing Authority considers cash on hand and cash in checking to be cash equivalents.

Accounts Receivable

Tenant accounts receivables are carried at the amount considered by management to be collectible. Other accounts receivable consists of amounts due from HUD and State and Local governments for grant income.

Prepaid Items

Prepaid Items consists of payments made to vendors for services that will benefit future periods. Prepaid items include air conditioners purchased, but not yet received.

Unearned Revenue

The Authority recognizes revenues as earned. Amounts received in advance of the period in which it is earned is recorded as a liability under Unearned Revenue.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Capital Assets

Capital assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of revenues and expenses. Estimated useful lives are as follows:

Buildings and Improvements	15 - 40 years
Furniture and Equipment	3 - 7 years

Authority management has assessed the carrying values of capital asset balances as of September 30, 2018, and as of March 27, 2019. No significant capital asset value impairments exist as of the noted dates.

Revenue Accounting Policies

Dwelling rent income, HUD grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

Indirect Cost Recovery

Direct costs are charged to the Authority's applicable programs. The Authority charges indirect costs to its Central Office Cost Center and charges the programs management fees based on fee rates provided by the Department of Housing and Urban Development.

NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority is a separate non-profit corporation with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Housing Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE C - CASH AND INVESTMENT DEPOSITS

Custodial Credit Risk – The Authority policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Interest Rate Risk – The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other Federally insured investments.

The Authority's cash and cash equivalents consist of cash held in interest bearing checking accounts totaling \$8,029,530. The various accounts bear interest up to .30%. The remaining \$315 is held in cash in petty cash funds. Deposits with financial institutions are secured as follows:

	<u>Per Books</u>	<u>Per Bank</u>
Insured by FDIC	\$ 250,000	\$ 250,000
Investments held in U.S. Treasury Obligations	-	-
Collateralized with specific securities in the Authority name which are held by the financial institution	6,583,302	6,744,505
Non Federalized funds which do not require collateral	1,196,228	1,199,888
Uncollateralized	-	-
	<u>\$ 8,029,530</u>	<u>\$ 8,194,393</u>

NOTE D - CONTRACTUAL COMMITMENTS

The significant Outstanding Contractual Commitments as of the Statement of Net Position Date are as follows:

<u>Type Commitment</u>	<u>Amount</u>
Renovations	\$ 190,830

NOTE E – RISK MANAGEMENT

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance. The Housing Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE F – CONCENTRATION OF RISK

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

NOTE G – USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows and inflows, revenues and expenses in the financial statements. Accordingly, actual results could differ from those estimates.

NOTE H – COMPENSATED ABSENCES

The Authority follows Louisiana Civil Service regulations for accumulated annual leave and sick time. Employees may accumulate up to 300 hours annual leave which may be received upon termination or retirement. In a case where the employee notifies the Authority not less than six months prior to retirement or resignation, annual leave in excess of 300 may be utilized prior to separation of employment. Sick leave hours accumulate, but the employee is not paid for them if not used by the retirement or termination date. Leave accrued but not yet paid as of September 30, 2018, is shown as a liability allocated between current and noncurrent.

NOTE I - PENSION PLAN

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan, a defined contribution plan administered by Automatic Data Processing Retirement Services. 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. The plan provisions and changes to the plan contributions are determined by the Board of the Housing Authority.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes an amount equal to 11% of the employees' base salary (excluding overtime). The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Up to 100% of Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are refundable to the Authority and are used to offset future contributions of the Housing Authority. During the current audit period, total contributions made by the Authority and employees totaled \$157,843 and \$12,142, respectively.

Assets in the plan are recorded at market value and are administered by a private corporation under contract with the Housing Authority.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE J – LONG TERM DEBT

Long term debt at September 30, 2018 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 186,303	\$ 91,655	\$ 107,773	\$ 170,185	\$ 59,566
Due to HUD	618,154	-	95,100	523,054	47,550
FSS Escrows	257,687	-	37,725	219,962	-
Unearned Ground Lease	-	144,000	-	144,000	-
Long Term Debt	<u>\$ 1,062,144</u>	<u>\$ 235,655</u>	<u>\$ 240,598</u>	<u>\$ 1,057,201</u>	<u>\$ 107,116</u>

NOTE K – CAPITAL ASSETS

A summary of capital assets is as follows at September 30, 2018:

	<u>PUBLIC HOUSING</u>	<u>CAPITAL FUND PROGRAM</u>	<u>HOPE VI</u>	<u>HOUSING CHOICE VOUCHERS</u>
Land	\$ 1,659,715	\$ -	\$ -	\$ -
Building and Improvements	37,499,822	-	15,300	887,650
Furniture and Equipment	1,198,746	-	-	511,881
Construction in Progress	-	1,547,639	-	-
Less Accumulated Depreciation	<u>(32,452,119)</u>	<u>-</u>	<u>(8,670)</u>	<u>(1,026,880)</u>
Total Capital Assets	<u>\$ 7,906,164</u>	<u>\$ 1,547,639</u>	<u>\$ 6,630</u>	<u>\$ 372,651</u>
	<u>STATE/ LOCAL</u>	<u>BUSINESS ACTIVITIES</u>	<u>COCC</u>	<u>TOTAL</u>
Land	\$ 149,876	\$ 255,713	\$ -	\$ 2,065,304
Building and Improvements	-	2,674,751	165,272	41,242,795
Furniture and Equipment	4,770	66,193	345,357	2,126,947
Construction in Progress	-	-	-	1,547,639
Less Accumulated Depreciation	<u>(4,770)</u>	<u>(2,056,899)</u>	<u>(377,681)</u>	<u>(35,927,019)</u>
Total Capital Assets	<u>\$ 149,876</u>	<u>\$ 939,758</u>	<u>\$ 132,948</u>	<u>\$ 11,055,666</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE K – CAPITAL ASSETS - CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers & Deletions</u>	<u>Ending Balance</u>
Land	\$ 2,065,304	\$ -	\$ -	\$ 2,065,304
Construction in Progress	<u>1,457,075</u>	<u>230,011</u>	<u>(139,447)</u>	<u>1,547,639</u>
Total Assets not being depreciated	3,522,379	230,011	(139,447)	3,612,943
Buildings and Improvements	49,227,418	49,548	(8,034,171)	41,242,795
Furniture and Equipment	<u>2,856,779</u>	<u>1,191</u>	<u>(731,023)</u>	<u>2,126,947</u>
Total Capital Assets	55,606,576	280,750	(8,904,641)	46,982,685
Less Accumulated Depreciation:				
Buildings and Improvements	(39,499,362)	(1,195,669)	6,808,264	(33,886,767)
Furniture and Equipment	<u>(2,399,017)</u>	<u>(133,778)</u>	<u>492,543</u>	<u>(2,040,252)</u>
Net Book Value	<u>\$ 13,708,197</u>	<u>\$ (1,048,697)</u>	<u>\$ (1,603,834)</u>	<u>\$ 11,055,666</u>

NOTE L – NOTES RECEIVABLE

Due from Cypress Landing, LP

1. Cypress Landing, LP entered into a Promissory Note with Cypress Landing GP, LLC (a Business Activity of the Authority) in the amount of \$541,875. The note bears interest at a rate of six percent compounded annually and has a maturity date of December 31, 2030. On the 31st day of December in each year during the term of the Note, the borrower shall pay to the lender 100% of the cash flow as defined by the partnership agreement. The loan is secured by all real and personal property. The loan is subordinate to the Senior Sponsor note with the Department of Housing and Urban Development. As of September 30, 2018, the loan balance is \$287,573 and accrued interest is \$2,334.
2. Cypress Landing, LP entered into a loan with Cypress Landing GP, LLC (a Business Activity of the Authority) in the amount of \$300,000. The note bears interest at a rate of six percent compounded annually and has a maturity date of December 31, 2030. On the 30th day of November in each year during the term of the Note, the borrower shall pay to the lender 100% of the cash flow as defined by the partnership agreement. The loan is secured by all real and personal property. The loan is subordinate to the Senior Sponsor note with the Department of Housing and Urban Development and the above Promissory note. As of September 30, 2018, the loan balance is \$300,000 and accrued interest on the loan is \$93,724.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE L – NOTES RECEIVABLE - CONTINUED

Due from Renaissance at Allendale, LP

3. Renaissance at Allendale GP, LLC entered into a Promissory Note with the Housing Authority of the City of Shreveport in the amount of \$390,874. The note bears interest at a rate of six percent compounded annually and has a maturity date of March 31, 2044. On the 31st day of March in each year, commencing March 31, 2016, the borrower shall pay to the lender 100% of the cash flow as defined by the partnership agreement. The loan is secured by all real and personal property. As of September 30, 2018, the loan balance is \$390,874 and accrued interest is \$116,487. The Authority has fully reserved the note balance and accrued interest.

Due from Shreveport BDB Housing Partners, LLC

1. Shreveport BDB Housing Partners, LLC entered into a Promissory Note with the Housing Authority of the City of Shreveport in the amount of \$4,656,000. The note bears interest at a rate of 3.06 percent compounded annually and has a maturity date of July 13, 2058. Principal payments are payable from available cash flow, as defined in the Operating Agreement. The loan is secured by a vendor's lien and privilege and special mortgage as well as a Mortgage and Security Agreement. As of September 30, 2018, the loan balance is \$4,656,000 and accrued interest is \$28,885.
2. The Authority advanced funds to the Company in the amount of \$600,000 to finance the acquisition and rehabilitation of the Project. The loan is secured by a Mortgage and Security Agreement. The loan does not bear interest and shall be due and payable upon the tax-exempt loan conversion. Principal payments are made from available cash flow, as defined in the Operating Agreement. As of September 30, 2018, the balance is \$600,000. The Authority has fully reserved the balance of this loan.
3. The Authority advanced funds to the Company in the amount of \$144,000 to prepay the ground lease of the Project. The Ground Lease Loan is secured by a vendor's lien and privilege and special mortgage as well as a Mortgage and Security Agreement. The Ground Lease Loan does not bear interest and shall be due and payable on July 13, 2058. Principal payments are payable from available cash flow, as defined in the Operating Agreement. As of September 30, 2018, the balance is \$144,000.
4. The Authority advanced funds in the amount of \$40,500 to finance the acquisition and rehabilitation of the Project. The loan does not bear interest and is payable from available cash flows, as defined in the Operating Agreement. As of September 30, 2018, the balance is \$40,500.

NOTE M – GROUND LEASE

The Authority entered into a ground lease on November 13, 2012 with the Cypress Landing L.P. The lease is a capital lease that ends on November 13, 2052. The partnership paid a one-time payment in the amount of \$212,500 and includes the land as a capital asset on its balance sheet.

The Authority entered into a ground lease on February 21, 2014 with the Renaissance at Allendale, L.P. The lease term ends on February 20, 2113. The partnership paid a one-time payment in the amount of \$75,000 and includes the land as a capital asset on its balance sheet.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE M – GROUND LEASE - CONTINUED

The Authority entered into a ground lease on July 1, 2018 with the Shreveport BDB Housing Partners, LLC. The lease is an operating lease that ends on November 13, 2093. The partnership paid a one-time payment in the amount of \$144,000 and is amortizing the lease over lease period.

NOTE N – AMOUNTS DUE TO HUD

Fiscal year ended September 30, 2012 audit finding 12-04 identified questionable payments made by the Authority using Replacement Housing Factor grants 501.07 and 501.08. The funds were not expended to develop or acquire new public housing rental units as stated by the grant requirements, but instead, were used to modify existing public housing properties. Prior to the 2014 fiscal year, these amounts were identified as contingent liabilities, as the New Orleans HUD Office had not notified the Authority of a correction plan. On July 7, 2014, the Office of General Counsel decreed that the monies owed of \$713,254 must be repaid using any non-federal funds at the Authority's disposal and/or Capital Fund Program funds. The \$713,254 will be repaid over 15 years with a zero percent interest rate. The Authority will utilize a portion of the Capital Fund Program funds for the next ten years, beginning on October 1, 2015, and will make an annual payment of \$47,550. As of September 30, 2018, the balance was \$523,054.

<u>Fiscal Year</u>	<u>Repayment Amount</u>
2019	\$ 47,550
2020	47,550
2021	47,550
2022	47,550
2023	47,550
2024 - 2028	237,750
2029 - 2030	47,554
Total	<u>\$ 523,054</u>

NOTE O – INTERPROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and subsequently reimbursed by the Public Housing Program. Balances due for such charges are reflected in the Interprogram Due to/Due from account balances. Interprograms at September 30, 2018 consisted of the following:

COCC	\$ 821,146
Housing Choice Vouchers	(659,921)
HOPE VI	(7,531)
State/Local	(153,694)
Total	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P – ACCOUNTS RECEIVABLE OTHER

The Authority's accounts receivable other consists of the following as of the end of the fiscal year:

Due from HUD - Capital Fund Program	\$	61,114
Due from HUD - Other Programs		9,081
Due from HUD - Housing Assistance Payments		457,794
Accounts Receivable - PORTS		91,233
Accounts Receivable - Insurance Refund		21,945
Accounts Receivable - Consulting Expenses		38,562
Miscellaneous Accounts Receivable		72,133
Total	\$	<u>751,862</u>

NOTE Q – RESTRICTED CASH AND RESTRICTED NET POSITION

The Authority's restricted cash consists of the following as of the end of the fiscal year:

Cash Restricted for FSS Escrows	\$	219,962
	\$	<u>219,962</u>

There is an offsetting liability for FSS Escrows, therefore, there is no Restricted Net Position.

NOTE R – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE S – PILOT AGREEMENT

The Authority has entered into a Payment in Lieu of Taxes (PILOT) Agreement with the City of Shreveport whereby the Authority agrees to pay a negotiated sum in lieu of city real property taxes. As of September 30, 2018, the Authority owes the City \$90,315 for PILOT costs for the year.

NOTE T – SUBSEQUENT EVENTS

In preparing financial statements, management evaluated subsequent events through March 27, 2019, the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 SCHEDULE OF COMPLETED PROGRAM COSTS - CAPITAL FUND PROGRAM
 SEPTEMBER 30, 2018**

	Public Housing Capital Fund Program LA48P00250113
Funds Approved	\$ 652,360
Funds Disbursed	652,360
Excess Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 652,360
Funds Disbursed	652,360
Excess Funds (Deficiency)	<u>\$ -</u>

1. The distribution of costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Housing Authority's records.
2. All Modernization costs have been paid and all related liabilities have been discharged through payment.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
 SHREVEPORT, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2018

EXPENDITURES

Low Rent Public Housing Expenditures	
Total CFDA Number 14.850	\$ 2,269,841
Section 8 Housing Choice Vouchers	
Total CFDA Number 14.871	12,411,356
Public Housing Capital Fund Program	
Total CFDA Number 14.872	1,477,547
Family Self-Sufficiency Program	
Total CFDA Number 14.896	86,645
TOTAL HUD EXPENDITURES	16,158,744
TOTAL FEDERAL EXPENDITURES	\$ 16,245,389

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of operations of the Authority it is not intended to and does not present the financial net position, changes in net position or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

The Authority did not elect to use the 10% *De Minimus Cost Rate*.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT [LA002]
 SHREVEPORT, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2018

	LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	HOPE VI 14.866	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	ELIMINATIONS	TOTAL	
ASSETS										
CURRENT ASSETS										
CASH										
111	CASH UNRESTRICTED	5,779,072	174,504	-	-	20,266	912,269	807,592	-	7,693,703
115	CASH RESTRICTED FOR PAYMENT OF S/T DEBT	-	-	-	-	-	-	-	-	-
112	CASH RESTRICTED MODERNIZATION AND DEV	-	-	-	-	-	-	-	-	-
113	CASH OTHER RESTRICTED	54,456	-	165,506	-	-	-	-	-	219,962
114	CASH TENANT SECURITY DEPOSIT	82,853	-	-	-	2,240	31,087	-	-	116,180
100	TOTAL CASH	5,916,381	174,504	165,506	-	22,506	943,356	807,592	-	8,029,845
ACCOUNTS AND NOTES RECEIVABLE										
121	A/R - PHA PROJECTS	-	-	-	-	8,261	-	-	-	8,261
122	A/R - HUD PROJECTS	-	61,114	-	-	820	-	-	-	61,934
124	A/R - OTHER GOVT	-	-	549,027	-	-	-	-	-	549,027
125	A/R - MISC	78,779	-	-	-	-	18,620	35,241	-	132,640
126	A/R - TENANTS DWELLING RENT	61,011	-	1,100	-	953	6,237	-	-	69,301
126.1	ALLOWANCE FOR D A - TENANTS	(17,911)	-	-	-	-	(1,564)	-	-	(19,475)
126.2	ALLOWANCE FOR D A - OTHER	-	-	(40,725)	-	-	-	-	-	(40,725)
127	NOTES AND MORTGAGES RECEIVABLE	-	-	-	-	-	-	-	-	-
128	FRAUD RECOVERY	-	-	-	-	-	-	-	-	-
128.1	ALLOWANCE FOR FRAUD RECOVERY	-	-	-	-	-	-	-	-	-
129	ACCRUED INTEREST RECEIVABLE	-	-	-	-	-	-	-	-	-
120	TOTAL RECEIVABLES NET OF ALLOW	121,879	61,114	509,402	-	10,034	23,293	35,241	-	760,963
CURRENT INVESTMENTS										
131	INVESTMENTS - UNRESTRICTED	-	-	-	-	-	-	-	-	-
135	INVESTMENTS RESTRICTED PYMT S/T DEBT	-	-	-	-	-	-	-	-	-
132	INVESTMENTS - RESTRICTED	-	-	-	-	-	-	-	-	-
142	PREPAID COSTS	19,370	-	11,368	-	-	-	253,888	-	284,626
143	INVENTORIES - MATERIALS	-	-	-	-	-	-	-	-	-
143.1	ALLOWANCE FOR OBSOLETE INV	-	-	-	-	-	-	-	-	-
144	INTERPROGRAM DUE FROM	-	-	-	-	-	-	821,146	(821,146)	-
145	ASSETS HELD FOR SALE	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	6,057,630	235,618	686,276	-	32,540	966,649	1,917,867	(821,146)	9,075,434
NONCURRENT ASSETS										
FIXED ASSETS										
161	LAND	1,659,715	-	-	-	149,876	255,713	-	-	2,065,304
168	INFRASTRUCTURE	-	-	-	-	-	-	-	-	-
162	BUILDINGS	36,619,731	-	887,650	15,300	-	2,628,691	56,647	-	40,208,019
163	FURNITURE & EQUIPMENT - DWELLINGS	530,082	-	-	-	-	6,780	-	-	536,862
164	FURNITURE & EQUIPMENT - ADMINISTR	668,664	-	511,881	-	4,770	59,413	345,357	-	1,590,085
165	LEASEHOLD IMPROVEMENTS	880,091	-	-	-	-	46,060	108,625	-	1,034,776
167	CONSTRUCTION IN PROGRESS	-	1,547,639	-	-	-	-	-	-	1,547,639
166	ACCUMULATED DEPRECIATION	(32,452,119)	-	(1,026,880)	(8,670)	(4,770)	(2,056,899)	(377,681)	-	(35,927,019)
160	TOTAL FIXED ASSETS, NET OF DEPR	7,906,164	1,547,639	372,651	6,630	149,876	939,758	132,948	-	11,055,666
171	NOTES & MORTGAGES RECEIVABLE - N/C	-	-	-	-	-	5,553,016	-	-	5,553,016
172	NOTES & MORTGAGES RECEIVABLE - PD	-	-	-	-	-	-	-	-	-
173	GRANTS RECEIVABLE - NONCURRENT	-	-	-	-	-	-	-	-	-

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT [LA002]
 SHREVEPORT, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2018

		LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	HOPE VI 14.866	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	ELIMINATIONS	TOTAL
174	OTHER ASSETS	-	-	-	-	-	-	-	-	-
176	INVESTMENT IN JOINT VENTURES	-	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	7,906,164	1,547,639	372,651	6,630	149,876	6,492,774	132,948	-	16,608,682
200	DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-
290	TOTAL ASSETS	13,963,794	1,783,257	1,058,927	6,630	182,416	7,459,423	2,050,815	(821,146)	25,684,116
	LIABILITIES AND EQUITY									
	CURRENT LIABILITIES									
311	BANK OVERDRAFT	-	-	-	-	-	-	-	-	-
312	A/P < 90 DAYS	47,909	235,618	8,437	-	-	4,238	44,213	-	340,415
313	A/P > 90 DAYS	-	-	-	-	-	-	-	-	-
321	ACCRUED WAGE/PAYROLL TAXES PAYABLE	34,443	-	18,751	-	-	2,799	38,217	-	94,210
322	ACCRUED COMPENSATED ABSENCES	23,495	-	12,142	-	-	1,916	22,013	-	59,566
324	ACCRUED CONTINGENCY LIABILITY	-	-	-	-	-	-	-	-	-
325	ACCRUED INTEREST PAYABLE	-	-	-	-	-	-	-	-	-
331	ACCOUNTS PAYABLE - HUD PHA PROGRAMS	-	-	-	-	-	-	-	-	-
332	ACCOUNTS PAYABLE - PHA PROJECTS	-	-	-	-	-	-	-	-	-
333	ACCOUNTS PAYABLE OTHER GOV'T	90,315	-	-	-	-	-	-	-	90,315
341	TENANT SECURITY DEPOSIT	82,853	-	424	-	2,240	31,087	-	-	116,604
342	UNEARNED REVENUES	16,081	-	35,729	-	-	1,230	-	-	53,040
343	CURRENT PORTION OF LT DEBT CAPITAL	-	-	-	-	-	-	-	-	-
344	CURRENT PORTION OF LT DEBT OPERATING	-	-	-	-	-	-	-	-	-
348	LOAN LIABILITIES - CURRENT	-	-	-	-	-	-	47,550	-	47,550
345	OTHER CURRENT LIABILITIES	8,824	-	-	-	-	-	3,801	-	12,625
346	ACCRUED LIABILITIES - OTHER	-	-	27,089	-	-	-	-	-	27,089
347	INTERPROGRAM DUE TO	-	-	659,921	7,531	153,694	-	-	(821,146)	-
310	TOTAL CURRENT LIABILITIES	303,920	235,618	762,493	7,531	155,934	41,270	155,794	(821,146)	841,414
	NONCURRENT LIABILITIES									
351	LONG TERM DEBT NET OF CURRENT CAPITAL	-	-	-	-	-	-	-	-	-
352	LONG TERM DEBT NET OF CURRENT OPERATING	-	-	-	-	-	-	-	-	-
354	LONG TERM PORTION OF COMPENSATED ABSENC	43,632	-	22,548	-	-	3,558	40,881	-	110,619
355	LOAN LIABILITIES - OTHER	-	-	-	-	-	-	475,504	-	475,504
353	NONCURRENT LIABILITIES OTHER	54,456	-	165,506	-	-	144,000	-	-	363,962
350	TOTAL NONCURRENT LIABILITIES	98,088	-	188,054	-	-	147,558	516,385	-	950,085
300	TOTAL LIABILITIES	402,008	235,618	950,547	7,531	155,934	188,828	672,179	(821,146)	1,791,499
400	DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-
508.4	NET INVESTMENT IN CAPITAL ASSETS	7,906,164	1,547,639	372,651	6,630	149,876	939,758	132,948	-	11,055,666
511.4	RESTRICTED NET POSITION	-	-	-	-	-	-	-	-	-
512.1	UNRESTRICTED NET POSITION	5,655,622	-	(264,271)	(7,531)	(123,394)	6,330,837	1,245,688	-	12,836,951
513	TOTAL EQUITY	13,561,786	1,547,639	108,380	(901)	26,482	7,270,595	1,378,636	-	23,892,617
600	TOTAL LIABILITIES, DEF. INFLOWS OF RES & EQUITY	13,963,794	1,783,257	1,058,927	6,630	182,416	7,459,423	2,050,815	(821,146)	25,684,116
	REVENUE									
70300	NET TENANT RENTAL REVENUE	1,156,310	-	-	-	1,880	278,075	-	-	1,436,265
70400	TENANT REVENUE - OTHER	116,257	-	-	-	-	12,587	-	-	128,844

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT [LA002]
 SHREVEPORT, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2018

	LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	HOPE VI 14.866	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	ELIMINATIONS	TOTAL	
70500	TOTAL TENANT REVENUE	1,272,567	-	-	-	1,880	290,662	-	-	1,565,109
70600	HUD PHA GRANTS	2,356,486	1,247,536	12,411,356	-	-	-	-	-	16,015,378
70610	CAPITAL GRANTS RECEIVED	-	230,011	-	-	-	-	-	-	230,011
70710	MANAGEMENT FEE	-	-	-	-	-	-	775,175	(775,175)	-
70720	ASSET MANAGEMENT FEE	-	-	-	-	-	-	80,652	(80,652)	-
70730	BOOK-KEEPING FEE	-	-	-	-	-	-	230,938	(230,938)	-
70750	OTHER FEES	-	-	-	-	-	-	-	-	-
70800	OTHER GOVT GRANTS	-	-	-	-	-	-	-	-	-
71100	INVESTMENT INCOME - UNRESTRICTED	2,936	-	600	-	-	127	2,865	-	6,528
71200	MORTGAGE INTEREST INCOME	-	-	-	-	-	102,035	-	-	102,035
71300	PROCEEDS FROM DISPOSITION OF ASSETS HELD FOR SALE	-	-	-	-	-	-	-	-	-
71310	COST OF SALE OF ASSETS	-	-	-	-	-	-	-	-	-
71400	FRAUD RECOVERY	4,086	-	182	-	-	1,475	-	-	5,743
71500	OTHER REVENUE	229,458	-	68,580	-	-	141,198	690,448	(36,000)	1,093,684
71600	GAIN OR LOSS ON THE DISPOSAL OF CAPITAL ASSETS	-	-	-	-	-	3,052,166	-	-	3,052,166
72000	INVESTMENT INCOME - RESTRICTED	-	-	-	-	-	-	-	-	-
70000	TOTAL REVENUE	3,865,533	1,477,547	12,480,718	-	1,880	3,587,663	1,780,078	(1,122,765)	22,070,654
	EXPENSES									
	ADMINISTRATIVE									
91100	ADMINISTRATIVE SALARIES	244,038	-	330,110	-	-	12,163	557,663	-	1,143,974
91200	AUDITING FEES	19,265	-	13,320	-	-	2,619	7,058	-	42,262
91300	MANAGEMENT FEES	357,852	108,633	281,688	-	-	27,002	-	(775,175)	-
91310	BOOKKEEPING FEE	51,183	-	176,055	-	-	3,700	-	(230,938)	-
91400	ADVERTISING AND MARKETING	970	-	700	-	-	-	1,649	-	3,319
91500	EMPLOYEE BENEFIT CONTRIBUTION	59,010	-	118,399	-	-	19,524	122,410	-	319,343
91600	OFFICE EXPENSE	39,641	-	54,187	-	-	99	17,026	(36,000)	74,953
91700	LEGAL	275	-	117	-	-	-	2,737	-	3,129
91800	TRAVEL	830	-	3,273	-	-	-	20,973	-	25,076
91900	OTHER OPERATING ADMINISTRATIVE	231,772	101,464	67,237	-	-	18,613	199,280	-	618,366
92000	ASSET MANAGEMENT FEE	75,012	-	-	-	-	5,640	-	(80,652)	-
	TENANT SERVICES									
92100	TENANT SERVICES SALARIES	48,880	-	41,936	-	-	-	-	-	90,816
92200	RELOCATION COSTS	-	-	-	-	-	-	-	-	-
92300	EMPLOYEE BENEFIT CONTRIBUTION	17,793	-	15,168	-	-	-	-	-	32,961
92400	TENANT SERVICES OTHER	30	-	639	-	-	1,554	-	-	2,223
	UTILITIES									
93100	WATER	52,491	-	-	-	-	746	1,954	-	55,191
93200	ELECTRICITY	128,375	-	-	-	-	2,074	21,268	-	151,717
93300	GAS	13,601	-	-	-	-	2,316	3,909	-	19,826
93400	FUEL	-	-	-	-	-	-	-	-	-
93500	LABOR	-	-	-	-	-	-	-	-	-
93600	SEWER	122,947	-	-	-	-	569	3,952	-	127,468
93700	EMPLOYEE BENEFIT CONTRIBUTION UTILITY	-	-	-	-	-	-	-	-	-
93800	OTHER UTILITIES	-	-	-	-	-	-	-	-	-
	ORDINARY MAINTENANCE & OPERATION									
94100	ORDINARY MAINT AND OF LABOR	326,349	-	-	-	-	31,488	-	-	357,837
94200	ORDINARY MAINTENANCE AND OF MATERIALS	152,258	-	1,969	-	-	20,956	2,407	-	177,590
94300	ORDINARY MAINTENANCE AND OF CONTRACT	185,284	8,900	901	-	-	23,015	23,486	-	241,586
94500	EMPLOYEE BENEFIT CONTRIBUTION	127,296	-	-	-	-	21,610	-	-	148,906
	PROTECTIVE SERVICES									

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT [LA002]
 SHREVEPORT, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2018

	LOW RENT 14.850a	CAPITAL FUND PROGRAM 14.872	HOUSING CHOICE VOUCHERS 14.871	HOPE VI 14.866	STATE/ LOCAL	BUSINESS ACTIVITIES	COCC	ELIMINATIONS	TOTAL
95100									
95100									
95200									
95300									
95500									
96100									
96200									
96210									
96300									
96400									
96500									
96700									
96800									
96900									
97000									
97100									
97200									
97300									
97350									
97400									
97500									
97600									
97700									
97800									
90000									
10010									
10020									
10060									
10070									
10080									
10100									
10000									
11030									
11040									
11040									
11040									
11200									
11210									
11170									
11180									
11610									
11620									
11630									

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
 SHREVEPORT, LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 SEPTEMBER 30, 2018

Section I: Summary of Auditor's Results:

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal Control over financial reporting: Are material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are significant deficiencies that are not considered to be material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Is noncompliance that could have a material effect on the financial statements identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

FEDERAL AWARDS

Internal control over major programs: Are material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None
Are significant deficiencies that are not considered to be material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of report issued on compliance with requirements applicable to each major program:	Unmodified	
Are there any audit findings that are required to be reported in accordance with 2CFR Section 200.516(a) of the Uniform Guidance?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA No.</u>
---------------------------------------	------------------------

Housing Choice Vouchers	14.871
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Is the auditee identified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018

Section II: Financial Statement Findings:

Prior Year Findings and Questioned Costs:

None Noted

Current Year Findings and Questioned Costs:

None Noted

Section III: Federal Award Findings and Questioned Costs:

Prior Year Findings and Questioned Costs:

None Noted

Current Year Findings and Questioned Costs:

None Noted

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE EXECUTIVE DIRECTOR

YEAR ENDED SEPTEMBER 30, 2018

EXPENDITURE PURPOSE

Salary	\$ 224,780
Benefits - Insurance	13,260
Benefits - Retirement	16,525
Car Allowance	6,000
Per Diem	2,663
Registration Fees	4,813
Conference Travel	2,555
Total Compensation, Benefits and Other Payments	<u>\$ 270,596</u>

Agency Head: Bobby Collins, Executive Director

Basis of Presentation:

The above Schedule of Compensation, Benefits and Other Payments to the Executive Director is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the *Louisiana Revised Statute (R.S.) 24:513A.(3)*, as amended by *Act 706 of the 2014 Legislative Session*.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of The Housing Authority of the City of Shreveport and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by The Housing Authority of the City of Shreveport and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The Authority's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

See Addendum A following this Report for a description of the SAUPs.

The associated results and conclusions are as follows:

Written Policies and Procedures

The Authority did have policies which sufficiently addressed each of the Written Policy and Procedure categories itemized in the ASUP's (see Addendum A).

Board

Board meetings were held monthly. Financial reports were reviewed during the meetings including actual-to-budget financial activity.

Bank Reconciliations

Bank reconciliations were complete and contained the required approvals.

Credit Cards

Statements contained appropriate approvals and charges on statements complied with the disbursement policies. Interest charges of \$24 were noted.

Travel and Expense Reimbursement

Travel was for business purposes and was in compliance with the Authority's travel policy and GSA rate requirements. Sufficient documentation was maintained.

Debt Service

No additional debt was issued during the fiscal year and the Authority had no outstanding debt at the end of the fiscal year.

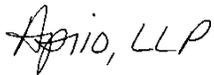
Other

No misappropriated funds were noted during the audit period.

The notice required by R.S. 24:523.1 was appropriately posted on the premises.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, slightly slanted style.

Birmingham, Alabama
March 27, 2019

ADDENDUM A

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019

Instructions

Introduction and General Comments

The Louisiana Legislative Auditor (LLA) has prescribed statewide agreed-upon procedures (AUPs) below, which are intended to represent a minimum level of additional work to be performed at those local entities (local governments and quasi-public organizations, including nonprofits) that meet the legal requirement to have an audit under the Audit Law (i.e., public funds totaling \$500,000 or more in revenues and other sources). **This Year 2 update to the AUPs will be effective for those entities that have fiscal years ending June 30, 2018 through May 31, 2019. Any entity with a fiscal year ending prior to June 30, 2018, has the option of using these updated procedures rather than the Year 1 procedures.**

The AUPs are not intended to address all areas of risk within an entity. Instead, they are designed to address those areas that have resulted in the most frequent incidents of fraud, waste, or abuse of public funds. For Year 2, the LLA has incorporated relevant Frequently Asked Questions and made changes to testing methodologies based on feedback from practitioners. The LLA has also modified procedures and criteria for clarity and efficiency.

The AUPs are to be performed under the AICPA attest standards (Statements on Standards for Attestation Engagements) and *Government Auditing Standards*, and the AUP report must be attached with the audit report that is submitted to the Legislative Auditor’s office (i.e. one Adobe pdf file submitted to the LLA rather than two). The AUPs are required to be performed by the same firm that performs the annual audit; accordingly, a separate “engagement approval form” for the statewide AUP engagement is not required.

All exceptions are to be included in the AUP report with management’s responses/corrective actions. Management may either prepare a single overall response to the AUP report, may respond after each AUP category, or may respond after each procedure. If management chooses not to respond to the AUP exceptions at all, the practitioner must include a statement that “management declined to respond to the exceptions or provide a plan of corrective action.”

Please note that the results of the AUPs do not change the practitioner’s separate responsibility to report significant deficiencies, material weaknesses, material noncompliance, etc., as part of the regular audit engagement. However, the practitioner should not include the AUP exceptions or internal auditor’s exceptions (or a reference to the exceptions) in the audit report’s schedule of findings, unless an AUP or internal audit exception rises to the level of a significant deficiency

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019

or material weakness and is included as a finding for purposes of the audit. Similarly, AUP exceptions should not be copied and pasted as findings in the LLA report submission portal unless they are addressed as findings in the audit report.

Under the attest standards, practitioners are also allowed to report “knowledge of matters outside agreed-upon procedures” within the AUP report if they discover a control deficiency or noncompliance that does not meet the definition of an exception under the AUPs. While the reporting of these matters with the AUP report is at the practitioner’s discretion, the practitioner still has an obligation to consider the associated risk/noncompliance as part of his or her audit.

If the practitioner has gained “knowledge of matters outside agreed-upon procedures” related to fraud, theft, or the pledge/loan/donation of public funds (LA Const. Art. 7, Section 14¹), and the practitioner does not include these matters in either the AUP report or in the audit report, the practitioner **MUST** contact the LLA to discuss before submitting the reports.

Applicability of AUPs

Those local entities that do not meet the legal requirement to have an audit under the Audit Law (i.e., public funds totaling less than \$500,000 in revenues and other sources) are exempt from performing these AUPs. If an entity elects to have an audit but is not required to have an audit under the Audit Law, the entity would be exempt from performing these AUPs.

For purposes of the Audit Law, public funds are generally defined as follows:

- For governmental entities, including non-profits created by a governmental entity to perform the same activities as the governmental entity, **all** revenues and other sources are considered to be public funds.
- For non-profit entities, any funds received from state or local governments, including grants, loans, transfers of property, awards, direct appropriations, and pass-through federal funds are considered to be public funds. Public funds also include direct federal funds unless the non-profit receives **only** federal direct funds (i.e. even \$1 of other public funds requires the non-profit to treat federal direct funds as public funds for purposes of the Audit Law). Please note that Medicare and Medicaid funds are considered to be contract/vendor payments and are not considered public funds for non-profits.

If either a governmental or non-profit entity has met the Audit Law threshold, and all or part of the entity’s public funds are federal major program funds (either direct or pass-through) tested

¹ Article 7, Section 14 of the Louisiana Constitution prohibits the loan, pledge, or donation of funds, credit, property, or things of value (e.g. cash advances or non-business purchases, regardless of whether they were reimbursed)

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019

under the entity's Single Audit during the fiscal period, the entity may exclude those AUP categories that are covered under federal program testing, regardless of whether the federal program testing includes the same procedures or sample sizes. For example, a non-profit entity that has one federal program subject to Single Audit testing may exclude credit cards, travel expenditures, non-payroll disbursements, contracts, and payroll and personnel if these areas are subject to testing under Allowable Costs and Procurement in the OMB Compliance Supplement; however, the entity would still be subject to other AUP areas that are not addressed in the OMB Compliance Supplement (e.g. board or finance committee, bank reconciliations).

State entities whose financial information is included in the Comprehensive Annual Financial Report of the State of Louisiana, or local entities subject to Act 774 of 2014 (i.e., St. Tammany Parish), are exempt from the AUPs below. Private and parochial schools, as well university foundations, facility corporations, and booster associations, are specifically excluded by law from having to provide audit reports to the LLA and are exempt from the AUPs. Real estate for-profit limited partnership entities have been exempted from the AUPs based on the nature of their operations.

The scope of the AUPs applies to the primary reporting entity and is not required to be extended to discretely presented component units of the entity; however, entities that are discrete component units of a larger government, and separately report to the LLA, are individually subject to the AUPs. Discrete component units that separately report to the LLA but have portions of their operations performed by the primary government (e.g. payroll processing) are exempt from those portions of the AUPs relating to the operations performed by the primary government; instead, AUPs performed at the primary government should address those areas (e.g. payroll processing) because the controls exist at the primary government.

Fiduciary funds should be included within the scope of the AUPs, including agency funds administered by sheriffs or other tax collectors.

For quasi-public organizations, including non-profits, only those AUP areas applicable to public funds administered by the quasi-public organization are required to be included within the scope of the AUP engagement.

School student activity fund accounts may be excluded from testing under the AUPs if they are otherwise addressed in a separately contracted audit or agreed-upon procedures engagement (does not have to include the same procedures as in the statewide agreed-upon procedures). In this situation, the audit or agreed-upon procedures report is already required to be submitted to the LLA as separate engagement and does not need to be attached in the pdf file with the practitioner's audit/AUP report.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures Year 2 – Fiscal Years Ending 6/30/2018 through 5/31/2019

Rotation of Procedures

Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories from testing in Year 2.

The attestation standards for agreed-upon procedures engagements require that the practitioner report exceptions to procedures even when there are compensating controls; however, the LLA does not want to penalize entities for exceptions that do not directly correspond to control risks. Accordingly, if the entity had exceptions within an AUP category in Year 1, based strictly on the wording of the procedure, but the practitioner believes that compensating controls **fully** mitigated the underlying control risk, the entity may exclude that AUP category from testing in Year 2 (the practitioner should maintain documentation of compensating controls in the engagement workpapers). Also, exceptions for Year 1 procedure #30 may be excluded when determining whether the “debt service” AUP category should be rotated off in Year 2 (this procedure was removed in Year 2).

If the practitioner’s removal of an AUP category impacts another AUP category that is linked to it, the practitioner may modify the procedure(s)/scope to address the discrepancy. For example, if a payroll sample is used for ethics testing and payroll has been rotated off in Year 2, the payroll sample selection procedure must be included under the ethics category.

Options and Alternatives

The practitioner may avoid duplication of existing audit procedures by using the same transactions for both audit and AUP purposes. For example, if the AUPs indicate that 10 random transactions should be selected and the practitioner would otherwise plan to test 25 random transactions as part of the entity’s audit, the practitioner may use the same 10 transactions for both the audit and the AUP engagement.

If the entity employs one or more internal auditors; the practitioner documents reliance upon the internal audit function as part of the entity’s audit; and the internal auditor performs one or more of the specific procedures identified for the same fiscal period (internal auditor is not required to perform procedures under the attest standards); the practitioner does not have to include those specific procedures as part of the scope of the AUP engagement or include in the AUP report. In that situation, the practitioner should perform the remaining AUPs under the attest standards and document in the AUP report, but should not include or reference the internal auditor’s report(s) in the practitioner’s AUP report. The practitioner must include a copy (or copies if the internal auditor has multiple reports that address AUP procedures) of the internal auditor’s procedures

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performed and exceptions noted when submitting the audit report and AUP report to the LLA. In this situation, all three reports should be submitted to the LLA as one Adobe pdf file, and all three reports will be issued by the LLA as public documents.

To avoid creating an undue burden on practitioners, the AUPs may be performed for a 12-month “fiscal period” that does not coincide with the entity’s “fiscal year”, as long as the 12-month fiscal period is no more than 3 months prior to the end of the entity’s fiscal year. For example, the practitioner may perform AUPs for the fiscal period April 1, 2017 through March 31, 2018 for an entity with a fiscal year ending June 30, 2018. All AUPs will reference “fiscal period” to mean the 12-months covered by the AUPs. If the entity elects to change its “fiscal period,” after the first year of AUP implementation, the subsequent year of AUP testing must not leave a gap between fiscal periods. For example, a change from a March 31 fiscal period end to a June 30 fiscal period end would require a 15-month AUP engagement in the year of change.

For nonprofit entities, only those AUPs relevant to public monies are required to be included in the scope of the AUP engagement. For example, if a nonprofit receives \$10 million in non-public funds and also receives \$500,000 in public funds, only the \$500,000 would be subject to the AUPs if the funds are not otherwise commingled. In this example, if the nonprofit did not use any of the \$500,000 in public funds for payroll or travel expenses, the portions of the AUPs relating to these areas are not required to be included in the scope of the AUP engagement or report.

If the practitioner believes that the AUPs collectively can not be performed based on the nature of the entity’s operations, please contact the LLA to request an exemption to the AUPs. If a specific procedure can not be performed based on the nature of the entity’s operations, an equivalent procedure may be substituted (e.g., alternate sampling population, alternate method of compiling documentation) at the practitioner’s discretion. Please note that the substitute procedure would need to be included in the AUP report in place of the original procedure, and this change in procedures may require the practitioner to update his or her client engagement agreement accordingly.

For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited. The practitioner is only required to test documentation at the secretary/bookkeeper level and is not required to test for completeness of revenues relative to classroom collections by teachers.²

² This exclusion would also apply to procedure #7a below.

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Procedures

Report all exceptions to the following procedures, either after each procedure or after all procedures within each of the twelve AUP categories. “Random” selections may be made using Microsoft Excel’s random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):³
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements,

³ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization’s operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

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(4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***⁴, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee⁵

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.⁶ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

⁴ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

⁵ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

⁶ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

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Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the entity’s main operating account. Select the entity’s main operating account and randomly select 4 additional accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. Obtain a listing of deposit sites⁸ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations⁹ and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity’s daily business operations.

⁸ A deposit site is a physical location where a deposit is prepared and reconciled.

⁹ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

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- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)¹⁰. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

¹⁰ If “bank reconciliations” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

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- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by

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(1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements¹¹ (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹² (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

¹¹ Non-travel reimbursements are not required to be tested under this category.

¹² If the entity has adopted the state Procurement Code, replace “Louisiana Public Bid Law” with “Louisiana Procurement Code.”

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- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

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Ethics¹³

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above¹⁴, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

Debt Service¹⁵

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises¹⁶ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁷

¹³ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹⁴ If “payroll and personnel” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹⁵ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

¹⁶ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁷ This notice is available for download or print at www.la.la.gov/hotline.

ADDENDUM B

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
LOUISIANA LEGISLATIVE AUDITOR, STATE-WIDE AGREED-UPON PROCEDURES
CORRECTIVE ACTION PLAN
SEPTEMBER 30, 2018

Credit Cards

The Authority will attempt to eliminate interest charges.