

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED JUNE 30, 2020

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Alexandria, Louisiana as of and for the fiscal year ended June 30, 2020, 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 June 30, 2020, and the respective changes in financial position and cash flows thereof for the fiscal 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 15 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.

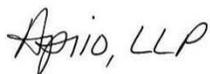
Other Information

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 basic 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 December 23, 2020 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
December 23, 2020

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

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, 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 fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 23, 2020.

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.

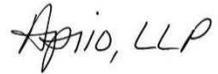
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be *material weaknesses* or *significant deficiencies*. Given these limitations, during our audit we did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

Handwritten signature of Aprio, LLP in black ink.

Birmingham, Alabama
December 23, 2020

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

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

Report on Compliance for the 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 program for the fiscal year ended June 30, 2020. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Authority's compliance.

Basis for Qualified Opinion on the Major Program

As described in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with the CFDA No. 14.871 Section 8 Housing Choice Voucher Program 'Eligibility' compliance requirement as described in Finding 2020-002. Compliance with the 'Eligibility' requirement is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Qualified Opinion on the Major Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Section 8 Housing Choice Voucher Program for the fiscal year ended June 30, 2020.

The Authority's responses to the compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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.

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 have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a *material weakness* and a *significant deficiency*.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2020-002 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2020-001 to be a significant deficiency.

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Aprio, LLP

Birmingham, Alabama
December 23, 2020

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2020**

The Housing Authority of the City of Alexandria's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

Financial Highlights

- The Authority's net position decreased \$.6 million during 2020. Net Position was \$5.6 million and \$5 million for 2019 and 2020, respectively.

- Revenues increased by \$8.1 million during 2020, and were \$1 million and \$9.1 million for 2019 and 2020, respectively.

- The total expenses of all Authority programs increased \$1.1 million, and were \$8.7 million and \$9.8 million for 2019 and 2020, respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

MD&A

*~ MANAGEMENT DISCUSSION
AND ANALYSIS ~*

BASIC FINANCIAL STATEMENTS

*~ AUTHORITY-WIDE FINANCIAL STATEMENTS ~
~ NOTES TO FINANCIAL STATEMENTS ~*

OTHER REQUIRED SUPPLEMENTARY INFORMATION

*~ REQUIRED SUPPLEMENTARY INFORMATION ~
(OTHER THAN MD&A)*

Authority-Wide Financial Statements

Statement of Net Position

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 in which assets and deferred outflows of resources, equal liabilities, deferred inflows of resources and "Net Position", formerly known as net assets. 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 and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net Position (formerly net assets) 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: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position."

Statement of Revenues, Expenses, and Changes in 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, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenue and expenses, such as capital grant revenue, investment income and interest expense.

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

Statement of Cash Flows

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

THE AUTHORITY'S MAIN PROGRAMS

Significant Programs – The focus of the Authority's Financial Statements should be on the significant programs of the Authority. The following are considered significant programs of the Authority.

Conventional 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 offer 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.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority 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 Authority to structure a lease that sets the participants' rent at 30% of household income.

Other Programs – In addition to the significant programs above, the Authority also maintains the following programs:

- Central Office Cost Center
- Business Activities
- Section 8 Housing Choice Voucher CARES Act Funding

AUTHORITY-WIDE STATEMENTS

Condensed Statement of Net Position

The following table reflects the Condensed Statement of Net Position compared to the prior year.

TABLE 1
CONDENSED STATEMENT OF NET POSITION

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Assets:			
Current and Restricted Assets	\$ 4,426,625	\$ 3,777,212	\$ 649,413
Capital Assets	1,255,390	2,405,665	(1,150,275)
Total Assets	\$ 5,682,015	\$ 6,182,877	\$ (500,862)
Liabilities:			
Current Liabilities	\$ 468,268	\$ 297,388	\$ 170,880
Long Term Liabilities	226,843	249,096	(22,253)
Total Liabilities	\$ 695,111	\$ 546,484	\$ 148,627
Net Position:			
Net Investment in Capital Assets	\$ 1,255,390	\$ 2,405,665	\$ (1,150,275)
Restricted Net Position	273,487	412,379	(138,892)
Unrestricted Net Position	3,458,027	2,818,349	639,678
Total Net Position	\$ 4,986,904	\$ 5,636,393	\$ (649,489)

Major Factors Affecting the Condensed Statement of Net Position

During 2019 current and restricted assets increased due mainly an increase of unrestricted cash. See the Statement of Cash Flows for details regarding cash inflows and outflows. Capital assets decreased due to the disposition of two Public Housing Dwelling properties through participation in HUD's Rental Assistance Demonstration (RAD) Program. For additional detail regarding capital asset additions see "Capital Assets" in Tables 4 and 5.

Current liabilities increased due to the recognition of unearned grant revenues as of fiscal year-end. Accounts payable due to vendors also increased due to the timing of payments at fiscal year-end.

Restricted net position decreased due to expenditure of reserves which were restricted for housing assistance payments as of fiscal year-end 2019.

Table 2 presents details on the change in Unrestricted Net Position

TABLE 2

CHANGE IN UNRESTRICTED NET POSITION

Unrestricted Net Position, July 1, 2019	\$ 2,818,349
Results of Operations	(415,342)
Capital Expenditures from Operations	(29,866)
Assets Received on the Disposition of Capital Assets	1,653,837
Bad Debt Expense on Notes Receivable	(1,920,782)
Capital Contributions Recognized to Fund Disbursements on Notes Receivable	973,184
Interest Income	36,132
Housing Assistance Payments Funded with Restricted Reserves	138,892
Depreciation Expense	<u>203,623</u>
Unrestricted Net Position, June 30, 2019	<u>\$ 3,458,027</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer understanding of the change in financial well-being.

TABLE 3

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following Schedule compares the revenues and expenses for the current and previous fiscal years.

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Revenue:			
Tenant Rental Revenue	\$ 80,942	\$ 207,279	\$ (126,337)
Operating Grants	7,050,454	8,601,288	(1,550,834)
Capital Contributions	973,184	33,307	939,877
Interest Income	36,132	44,288	(8,156)
Gain/(Loss) on Disposal of Capital Assets	677,319	(8,731,281)	9,408,600
Other Revenue	309,154	882,333	(573,179)
Total Revenue	\$ 9,127,185	\$ 1,037,214	\$ 8,089,971
Expenses:			
Administrative Expenses	\$ 1,151,141	\$ 1,371,203	\$ (220,062)
Tenant Services	39,387	9,152	30,235
Utilities	39,520	96,780	(57,260)
Maintenance and Operations	124,282	391,487	(267,205)
General Expense	140,484	191,443	(50,959)
Housing Assistance Payments	5,928,925	4,845,032	1,083,893
RAD Conversion Assistance Payments	228,530	739,982	(511,452)
Bad Debt Expense on Notes Receivable	1,920,782	500,000	1,420,782
Depreciation	203,623	524,232	(320,609)
Total Expenses	\$ 9,776,674	\$ 8,669,311	\$ 1,107,363
Excess (Deficiency) Revenue Over Expense	\$ (649,489)	\$ (7,632,097)	\$ 6,982,608

Major Factors Affecting the Schedule of Revenue, Expenses and Changes in Net Position

Rental revenue decreased due to the Public Housing property dispositions previously referenced, and the resulting reduction of leasing. Operating grants decreased due to a reduction of operating subsidies recognized through the Public Housing and Capital Fund programs as a result of reduced leasing during the fiscal year. Capital contributions recognized during fiscal year 2020 were applied towards a loan to one of the Authority's RAD affiliates in order to assist with development costs of the RAD property. The 2020 gain on disposal of capital assets was a result of the aforementioned Public Housing dwelling property dispositions. Other revenue decreased due mainly to a reduction of developer fees and other proceeds recognized from the Authority's RAD property affiliates as a result of the Authority's administrative and oversight efforts of the RAD conversions.

Administrative expenses decreased due predominantly to a reduction of personnel and related expenses incurred. Utilities, maintenance and depreciation decreases were a result of the leasing reductions and dwelling property dispositions through the RAD conversions. Insurance costs also decreased due to the dispositions and accounted for most of the reduction of general expenses.

Major Factors Affecting the Schedule of Revenue, Expenses and Changes in Net Position (Continued)

Housing assistance payments increased from fiscal year 2019 as a result of former Public Housing properties converting to Section 8 Project-Based voucher properties through fiscal year 2019 and 2020 RAD conversions. The RAD-converted properties yield higher rental rates due to the renovations and upgrades to the properties upon conversion.

Fiscal year 2020 RAD conversion assistance payments are housing assistance payments made to the current owners of the properties which were converted during fiscal year 2020. They consist of payments made during calendar year 2020 (January through June) and were funded with Public Housing and Capital Fund program subsidies. RAD conversion assistance payments decreased from fiscal year 2019 as a result of fewer RAD conversions in fiscal year 2020 versus fiscal year 2019 (two properties converted during fiscal year 2020 versus four properties converted during fiscal year 2019).

The fiscal year 2019 bad debt expense on notes receivable represents disbursements on a promissory note to Royal Cambridge Homes, LP (a RAD affiliate) during fiscal year 2019. The fiscal year 2020 bad debt expense on notes receivable represents disbursements on two promissory notes issued to Bayou Gardens RAD, LP (a RAD affiliate) during fiscal year 2020. The Authority recognized losses on these notes due to uncertainties regarding the value of any future consideration they may receive on them.

CAPITAL ASSETS

As of year-end, the Authority had \$1.3 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$1.1 million from the end of fiscal year 2019.

TABLE 4
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	<u>2020</u>	<u>2019</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 995,754	\$ 995,754	\$ -	0%
Buildings and Improvements	2,164,261	8,086,236	(5,921,975)	-73%
Furniture and Equipment	220,387	285,254	(64,867)	-23%
Construction in Process	25,505	-	25,505	
Accumulated Depreciation	(2,150,517)	(6,961,579)	4,811,062	-69%
Net Capital Assets	<u>\$ 1,255,390</u>	<u>\$ 2,405,665</u>	<u>\$(1,150,275)</u>	<u>-48%</u>

TABLE 5

CHANGE IN CAPITAL ASSETS

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, July 1, 2019	\$	2,405,665
Additions:		
Buildings and Improvements		4,361
Construction in Process		25,505
Dispositions, Net of A/D		(976,518)
Depreciation Expense		<u>(203,623)</u>
Ending Balance, June 30, 2020	\$	<u>1,255,390</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to 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

This financial report is designed to provide our residents, the citizens of Alexandria, and federal and state regulatory bodies with a general overview of the Authority's finances as of June 30, 2020. The individual to be contacted regarding this report is the Executive Director. Specific requests may be submitted to the Housing Authority of the City of Alexandria, at 2558 Loblolly Lane, Alexandria, Louisiana 71306.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 STATEMENT OF NET POSITION
 JUNE 30, 2020

ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES

	Enterprise Fund
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 3,958,669
Accounts Receivable, Net	77,432
Accrued Interest Receivable	303
Investments	24,706
Prepaid Costs	31,336
Total Current Assets	<u>4,092,446</u>
<u>Restricted Assets</u>	
Cash and Cash Equivalents	<u>334,179</u>
Total Restricted Assets	<u>334,179</u>
<u>Capital Assets</u>	
Land	995,754
Buildings and Improvements	2,164,261
Furniture and Equipment	220,387
Construction in Progress	25,505
	<u>3,405,907</u>
(Less): Accumulated Depreciation	<u>(2,150,517)</u>
Net Capital Assets	<u>1,255,390</u>
Total Assets	<u>5,682,015</u>
Deferred Outflows of Resources	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,682,015</u>

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
STATEMENT OF NET POSITION
JUNE 30, 2020

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND NET POSITION

	Enterprise Fund
<u>Current Liabilities</u>	
Accounts Payable	\$ 162,698
Accrued Wages and Payroll Taxes	51,136
Accrued Compensated Absences	38,591
Accounts Payable - HUD	65,376
Tenant Security Deposits	2,050
Unearned Revenue	148,417
Total Current Liabilities	<u>468,268</u>
<u>Long Term Liabilities</u>	
Accounts Payable - HUD, Non-current	132,362
Accrued Compensated Absences	94,481
Total Long Term Liabilities	<u>226,843</u>
Total Liabilities	<u>695,111</u>
Deferred Inflows of Resources	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>695,111</u>
<u>Net Position</u>	
Net Investment in Capital Assets	1,255,390
Restricted Net Position	273,487
Unrestricted Net Position	3,458,027
Total Net Position	<u>4,986,904</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 5,682,015</u>

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Fund
<u>Operating Revenues</u>	
Dwelling Rent	\$ 80,942
Operating Grants	7,050,454
Other Revenue	309,154
Total Operating Revenues	<u>7,440,550</u>
<u>Operating Expenses</u>	
Administrative	1,151,141
Tenant Services	39,387
Utilities	39,520
Maintenance and Operations	124,282
General Expense	140,484
Housing Assistance Payments	5,928,925
RAD Conversion Assistance Payments	228,530
Depreciation	203,623
Total Operating Expenses	<u>7,855,892</u>
Operating Income (Loss)	<u>(415,342)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Income	36,132
Gain on the Disposition of Capital Assets	677,319
Bad Debt Expense on Notes Receivable	(1,920,782)
Total Non-Operating Rev/(Exp)	<u>(1,207,331)</u>
Increase (decrease) before Capital Contributions	<u>(1,622,673)</u>
Capital Contributions	<u>973,184</u>
Increase (Decrease) in Net Position	(649,489)
Net Position, Beginning	<u>5,636,393</u>
Net Position, Ending	<u>\$ 4,986,904</u>

See the accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	Enterprise Fund
<u>Cash flows from operating activities:</u>	
Cash Received from Dwelling Rent	\$ 78,699
Cash Received from Operating Grants	7,844,546
Cash Received from Other Sources	309,370
Cash Payments for Salaries and Benefits	(853,457)
Cash Payments to Vendors and Landlords	<u>(6,727,896)</u>
Net cash provided (used) by operating activities	<u>651,262</u>
<u>Cash flows from non-capital financing activities:</u>	
Payments to HUD on Repayment Agreement	<u>(26,472)</u>
Net cash provided (used) by noncapital financing activities	<u>(26,472)</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Contributions Received	14,398
Capital Asset Purchases	(29,866)
Proceeds Received on Dispositions	1,653,837
Net cash provided (used) by capital and related financing activities	<u>1,638,369</u>
<u>Cash flows from investing activities:</u>	
Interest earned from cash and investments	35,828
Capital Contributions Received to Fund Note	
Receivable Disbursement to RAD Partnership	973,184
Disbursement on Note Receivable	
to RAD Partnership	(1,920,782)
Operating Advances to RAD Partnerships	(988,975)
Reimbursements of Operating Advances	
from RAD Partnerships	<u>1,146,544</u>
Net cash provided (used) by investing activities	<u>(754,201)</u>
Net increase in cash and cash equivalents	1,508,958
Total cash and restricted cash, beginning of year	<u>2,783,890</u>
Total cash and restricted cash, end of year	<u>\$ 4,292,848</u>

Continued on next page

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 STATEMENT OF CASH FLOWS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2020

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating Income (Loss)	\$ (415,342)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	203,623
Bad Debt Expense (Tenants)	774
Change in Tenant Accounts Receivable	(1,331)
Change in Accounts Receivable/Payable - Grants	663,813
Change in Other Accounts Receivable	14,617
Change in Prepaid Costs and Inventory	20,215
Change in Accounts Payable - Operating	38,254
Change in Accrued Expenses	11,673
Change in Unearned Revenue (Grants)	130,279
Change in Unearned Revenue (Tenants)	(912)
Change in Security Deposits Held	(14,401)
Net cash provided (used) by operating activities	<u>\$ 651,262</u>

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

ALEXANDRIA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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 and GASB Statement 63.

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 when are incurred. This requires 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 as well as pronouncements issued by the Financial Accounting Standards Board.

Cash and Investments

The Housing Authority considers bank deposits in checking accounts to be cash and cash equivalents. Investments consist of three certificates of deposit.

Accounts Receivable

Accounts receivables are carried at the amount considered by management to be collectible and consist of amounts due from tenants and affiliated limited partnerships.

Prepaid Costs

Prepaid costs consist of insurance pre-payments for coverage applicable to fiscal year 2021.

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 HUD.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Unearned Revenue

The Authority recognizes revenues as earned. Funds received before the Authority is eligible to apply them are recorded as a liability under Unearned Revenue. As of June 30, 2020 unearned revenue consisted of grant proceeds of \$148,417.

Revenue Accounting Policies

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

These financial statements do not contain material inter-program revenues and expenses for internal activity. The policy is to eliminate any material inter-program revenues and expenses for these financial statements.

Capital Assets

Property and equipment 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, Expenses and Changes in Net Position. Estimated useful lives are as follows:

Buildings	40 years
Building Improvements	15 years
Furniture and equipment	3-7 years

Authority management has assessed the carrying values of capital asset balances as of June 30, 2020, and as of December 23, 2020. No significant capital asset value impairments exist as of the noted dates.

Deferred Outflows and Inflows of Resources

A Deferred Outflow of Resources is a consumption of assets by the Authority that is applicable to a future reporting period. Conversely, a Deferred Inflow of Resources is an acquisition of assets by the Authority that is applicable to a future reporting period.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority is a chartered public corporation under the laws of the State of Louisiana 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.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in *Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards, Statement No. 14 (amended), of the Governmental Accounting Standards Board: The Financial Reporting Entity, Statement No. 39: Determining Whether Certain Organizations are Component Units, and Statement No. 61: The Financial Reporting Entity: Omnibus*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable.

Based upon the application of these criteria, the reporting entity includes the following blended component unit:

Alexandria Affordable Housing Corporation (the Corporation) – is a legally separate not-for-profit corporation, organized for the purpose of redeveloping former public housing units and providing housing for low-moderate income individuals and families in Alexandria. The organization's year end is June 30. The Corporation does not issue stand-alone financial statements. The Corporation's financial balances have been consolidated into the financial balances of the Authority and reported in the Business Activities column of the Authority's Supplemental Financial Schedules, along with other business activities of the Authority.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE C - CASH AND INVESTMENT DEPOSITS

Custodial Credit Risk - The Housing 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 \$4,292,848. \$334,179 of this cash is restricted for future housing assistance payments and Rental Assistance Demonstration (RAD) conversion assistance payments. Investments consist of three certificates of deposit (CD's) with interest rates of 1.25%, totaling \$24,706. Deposits with financial institutions are secured as follows:

	<u>Reconciled Book Balance</u>	<u>Bank Deposits</u>
Insured by FDIC	\$ 274,706	\$ 275,015
Collateralized with specific securities pledged to the Authority and held by a third party financial institution	<u>4,042,848</u>	<u>4,056,650</u>
	<u><u>\$ 4,317,554</u></u>	<u><u>\$ 4,331,665</u></u>

The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

NOTE D - SIGNIFICANT ESTIMATES

These financial statements are prepared in accordance with generally accepted accounting principles. The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives, accounts receivable valuations and earned sick leave to be utilized. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

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 Housing 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 – INTER-PROGRAM 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. Balance due for operating advances are reflected in the Schedule of Assets, Liabilities and Net Position by Program, but are eliminated in the Authority's Statement of Net Position. Inter-program balances at June 30, 2020 consisted of the following:

Business Activities	\$ 826,478
Business Activities - Accounts Receivable	210,300
Central Office Cost Center	(826,478)
Central Office Cost Center - Accounts Payable	<u>(210,300)</u>
	<u>\$ -</u>

NOTE H - RETIREMENT PLAN

The Housing Authority provides retirement benefits to full-time employees through a 457-deferred compensation retirement plan, administered by Nationwide and titled the Alexandria Housing Authority Retirement Plan (the Plan). The Housing Authority's contributions to the Plan are discretionary and determined by the Board of Commissioners. For the fiscal year ended June 30, 2020, the Authority made the required contributions of \$25,369 to the Plan.

NOTE I – 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 J – COMPENSATED ABSENCES

Housing Authority employees are granted vacation and sick leave in varying amounts depending on tenure with the Authority. In the event of termination, an employee is reimbursed for accumulated vacation leave up to a maximum of 300 hours. Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE K – ACCOUNTS RECEIVABLE

A summary of receivables as of June 30, 2020 is as follows:

	<u>Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Tenant Rent Receivables	\$ 19,966	\$ (17,037)	\$ 2,929
Operating Advances due from RAD Partnerships	<u>126,442</u>	<u>(51,939)</u>	<u>74,503</u>
Total Receivables, Net of Allowances	<u>\$ 146,408</u>	<u>\$ (68,976)</u>	<u>\$ 77,432</u>

NOTE L – CAPITAL ASSETS

A summary of capital assets as of June 30, 2020, and activity for the fiscal year then ended is as follows:

	<u>July 1, 2019 Balance</u>	<u>Additions</u>	<u>Transfers & Deletions</u>	<u>June 30, 2020 Balance</u>
Land	\$ 995,754	\$ -	\$ -	\$ 995,754
Construction in Process	<u>-</u>	<u>25,505</u>	<u>-</u>	<u>25,505</u>
Total Assets not being depreciated	995,754	25,505	-	1,021,259
Buildings and Improvements	8,086,236	4,361	(5,926,336)	2,164,261
Furniture and Equipment	<u>285,254</u>	<u>-</u>	<u>(64,867)</u>	<u>220,387</u>
Total Capital Assets	9,367,244	29,866	(5,991,203)	3,405,907
Less Accumulated Depreciation				
Buildings and Improvements	(6,721,059)	(191,450)	4,956,335	(1,956,174)
Furniture and Equipment	<u>(240,520)</u>	<u>(12,173)</u>	<u>58,350</u>	<u>(194,343)</u>
Net Book Value	<u>\$ 2,405,665</u>	<u>\$ (173,757)</u>	<u>\$ (976,518)</u>	<u>\$ 1,255,390</u>

During fiscal year 2019, the Authority disposed of two former Public Housing properties via a ground lease to Bayou Gardens RAD, LP. The Authority is not anticipating any payments under the ground lease. The cost bases of the two properties disposed of totaled \$5,932,853 and total accumulated depreciation through the December 2019 dispositions was \$4,956,335, resulting in a total book-value disposition of \$976,518. Bayou Gardens RAD, LP paid the Authority \$1,645,782 upon acquisition for the properties. Therefore, the Authority recognized a gain on the dispositions of \$669,264. Other dispositions consisted of equipment with cost bases and accumulated depreciation of \$58,350. The Authority received \$8,055 on these other equipment dispositions and recognized a gain on the dispositions of \$8,055.

NOTE M – NOTES RECEIVABLE

On December 21, 2017, Harmony Gardens Estates, LP issued the Authority two Promissory Notes in the amounts of \$7,265,000 and \$785,000. The Notes bear interest at 3% compounded annually on unpaid principal, mature on December 21, 2059 and are secured by the Harmony Gardens Estates dwelling structures. The outstanding principal balances of the Notes were \$7,265,000 and \$785,000 and combined accrued interest receivable was \$614,708 as of June 30, 2020. Due to uncertainties regarding any future consideration the Authority may receive on the Notes, Authority management has recorded an allowance against the principal balances and accrued interest balances of the Notes.

Additionally, the Authority loaned Harmon Garden Estates, LP \$510,000 under a third Promissory Note dated December 21, 2017. The Note bears interest at 3% compounded annually on unpaid principal, matures on December 21, 2059 and is secured by the same dwelling structures which secure the two Notes described above. Principal and interest payments shall be paid annually solely from Cash Flow pursuant to Article 4 of Maker's Second Amended and Restated Agreement of Limited Partnership. The outstanding principal balance of the Note was \$510,000 and accrued interest receivable was \$39,412 as of June 30, 2020. Due to uncertainties regarding any future consideration the Authority may receive on the Note, Authority management has recorded an allowance against the principal balance and accrued interest balance of the Note.

On October 31, 2018, Royal Cambridge Homes, LP issued a Promissory Note to the Authority in the amount of \$7,880,000. The Note bears interest at 3% compounded annually on unpaid principal, matures on October 31, 2060 and is secured by the Royal Cambridge Homes dwelling structures. The outstanding principal balance of the Note was \$7,880,000 and accrued interest receivable was \$394,756 as of June 30, 2020. Due to uncertainties regarding any future consideration the Authority may receive on the Note, Authority management has recorded an allowance against the principal balance and accrued interest balance of the Note.

On October 31, 2018, the Authority loaned Royal Cambridge Homes, LP \$500,000 under an additional Promissory Note. The Note bears interest at 3% compounded annually on unpaid principal, matures on October 31, 2060 and is secured by the same dwelling structures which secure the \$7,880,000 Note described above. Principal and interest payments shall be paid annually solely from available Cash Flow pursuant to the Agreement of Limited Partnership. The outstanding principal balance of the Note was \$500,000 and accrued interest receivable was \$25,048 as of June 30, 2020. Due to uncertainties regarding any future consideration the Authority may receive on the Note, Authority management has recorded an allowance against the principal balance and accrued interest balance of the Note.

On October 22, 2018, Magnolia Crossings RAD, LP issued a Promissory Note to the Authority in the amount of \$1,225,000. The Note bears interest at 3.5% compounded annually on unpaid principal, matures on October 22, 2060 and is secured by the Magnolia Crossings Apartments dwelling structures. The outstanding principal balance of the Note was \$1,225,000 and accrued interest receivable was \$69,472 as of June 30, 2020. Due to uncertainties regarding any future consideration the Authority may receive on the Note, Authority management has recorded an allowance against the principal balance and accrued interest balance of the Note.

On December 30, 2019, Bayou Gardens RAD, LP issued a Promissory Note to the Authority in the amount of \$1,044,218 as additional consideration for the acquisition of the properties described above in Note L. The Note bears interest at 3% compounded annually on unpaid principal, matures on December 30, 2061 and is secured by the Bayou Gardens Apartments dwelling structures. The outstanding principal balance of the Note was \$1,044,218 and accrued interest receivable was \$15,663 as of June 30, 2020. Due to uncertainties regarding any future reimbursements the Authority may receive on the Note, Authority management has recorded an allowance against the principal balance and accrued interest balance of the Note and has deferred any recognition of potential value of the Promissory Note to a later reporting period.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE M – NOTES RECEIVABLE - Continued

On December 30, 2019, the Authority loaned Bayou Gardens RAD, LP \$1,920,782 under an additional Promissory Note. The Note bears interest at 3% compounded annually on unpaid principal, matures on December 30, 2061 and is secured by the same dwelling structures which secure the \$1,044,218 Note described above. Principal and interest payments shall be paid annually solely from available Cash Flow pursuant to the Agreement of Limited Partnership. The outstanding principal balance of the Note was \$1,920,782 and accrued interest receivable was \$28,812 as of June 30, 2020. Due to uncertainties regarding any future consideration the Authority may receive on the Note, Authority management has recorded an allowance against the principal balance and accrued interest balance of the Note. The loss recognized during fiscal year 2020 for the issuance of the Note totaled \$1,920,782.

A summary of the Promissory Notes and accrued interest described above, is as follows:

Due from Royal Cambridge Homes, LP			
Promissory Note - \$7,880,000	\$	7,880,000	
Accrued Interest		395,961	
Promissory Note - \$500,000		500,000	
Accrued Interest		25,124	
Allowance for Doubtful Accounts		(8,801,085)	-
Due from Magnolia Crossings RAD, LP			
Promissory Note - \$1,225,000		1,225,000	
Accrued Interest		72,823	
Allowance for Doubtful Accounts		(1,297,823)	-
Due from Harmony Gardens Estates, LP			
Promissory Note - \$7,265,000		7,265,000	
Accrued Interest		571,792	
Promissory Note - \$785,000		785,000	
Accrued Interest		61,041	
Promissory Note - \$510,000		510,000	
Accrued Interest		40,126	
Allowance for Doubtful Accounts		(9,232,959)	-
Due from Bayou Gardens RAD, LP			
Promissory Note - \$1,920,782		1,920,782	
Accrued Interest		28,812	
Promissory Note - \$1,044,218		1,044,218	
Accrued Interest		15,663	
Allowance for Doubtful Accounts		(3,009,475)	-
Notes and Interest Receivable, Net of Allowances	\$	-	

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE N – LONG-TERM LIABILITIES

A summary of long-term liability activity for the fiscal year ended June 30, 2020 is as follows:

	<u>July 1,</u> <u>2019 Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30,</u> <u>2020 Balance</u>	<u>Due Within</u> <u>One Year</u>
Repayment Agreements due to HUD	\$ 207,082	\$ -	\$ 26,472	\$ 180,610	\$ 48,248
Compensated Absences	127,129	54,215	48,272	133,072	38,591
Less: Current portion	(85,115)			(86,839)	
Long Term Liabilities	<u>\$ 249,096</u>	<u>\$ 54,215</u>	<u>\$ 74,744</u>	<u>\$ 226,843</u>	<u>\$ 86,839</u>

As a result of a HUD Review Report issued on February 24, 2015, the Authority has agreed to reimburse HUD for Section 8 Housing Choice Voucher Program grant funds in the amount of \$482,469. As of June 30, 2020, the Authority paid back \$323,635, and owed HUD the remaining \$158,834, of which \$26,472 is anticipated to be paid during fiscal year 2021.

Additionally, the Authority owed HUD \$21,776 of Disaster Voucher Program grant funds as of fiscal year-end under a separate agreement, all of which is payable during fiscal year 2021.

NOTE O – OUTSTANDING CONTRACTUAL COMMITMENTS

The Authority had the following outstanding contractual commitments as of June 30, 2020:

Type of Commitment:

Professional Services	<u>\$ 61,374</u>
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NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P – BLENDED COMPONENT UNIT – CONDENSED FINANCIAL STATEMENTS

Condensed Statement of Net Position

	AAHC 6/30/2020
Assets	
Current and restricted assets	\$ 1,812,752
Current assets due from the Authority	13,968
Capital assets	25,505
Total assets	1,852,225
Net position	
Net investment in capital assets	25,505
Unrestricted net position	1,826,720
Total net position	\$ 1,852,225

Condensed Statement of Revenues, Expenses and Changes in Net Position

	AAHC Year-ended 6/30/2020
Revenues	
Operating revenues	\$ 100,000
Gain on dispositions	1,645,782
Interest income	8,316
Total revenues	1,754,098
Expenses	
Administrative	28,270
Bad debt expense on Notes and interest receivable	432,224
Total expenses	460,494
Increase in net position	1,293,604
Beginning net position	558,621
Ending net position	\$ 1,852,225

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P – BLENDED COMPONENT UNIT – CONDENSED FINANCIAL STATEMENTS - CONTINUED

Condensed Statement of Cash Flows

	AAHC Year-ended 6/30/2020
Cash flows from operating activities	
From the Authority	\$ 443,281
Other operating activities	71,730
From all operating activities	515,011
From all capital and related financing activities	1,620,277
Used by all investing activities	(423,908)
Net increase in cash and equivalents	1,711,380
Beginning current and restricted cash	101,372
Ending current and restricted cash	\$ 1,812,752

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE Q – SUBSEQUENT EVENTS

In preparing the financial statements, management evaluated subsequent events through December 23, 2020, the date the financial statements were available to be issued.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SCHEDULE OF UNCOMPLETED PROGRAM COSTS - CAPITAL FUND PROGRAM
FOR THE YEAR ENDED JUNE 30, 2020**

	LA48R02350213	LA48P02350114	LA48P02350115
Funds Approved	\$ 317,282	\$ 748,070	\$ 766,381
Funds Expended	94,573	748,070	766,381
Excess of Funds Approved	<u>\$ 222,709</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 94,573	\$ 748,070	\$ 766,381
Funds Expended	94,573	748,070	766,381
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	LA48P02350116	LA48P02350117	LA48P02350118
Funds Approved	\$ 802,045	\$ 839,368	\$ 1,304,073
Funds Expended	802,045	839,368	1,304,073
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 802,045	\$ 839,368	\$ 1,304,073
Funds Expended	802,045	839,368	1,304,073
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	LA48P02350119		
Funds Approved	\$ 148,612		
Funds Expended	143,909		
Excess of Funds Approved	<u>\$ 4,703</u>		
Funds Advanced	\$ 143,909		
Funds Expended	143,909		
Excess of Funds Advanced	<u>\$ -</u>		

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

EXPENDITURES

Public Housing Program	
Total CFDA Number 14.850a	<u>\$ 273,285</u>
Section 8 Housing Choice Voucher Program	
Total CFDA Number 14.871	<u>6,449,115</u>
Section 8 Housing Choice Voucher CARES Act Funding	
Total CFDA Number 14.HCC	<u>123,830</u>
Public Housing Capital Fund Program	
Total CFDA Number 14.872	<u>1,177,408</u>
TOTAL HUD EXPENDITURES	<u>8,023,638</u>
TOTAL FEDERAL EXPENDITURES	<u><u>\$ 8,023,638</u></u>

NOTE 1 – BASIS OF PRESENTATION

The above Schedule of Expenditures of Federal Awards includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2020. 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 has elected not to use the 10% *De Minimus Indirect Cost Rate* allowed under the Uniform Guidance.

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Balance Sheet Summary

Fiscal Year

End: 06/30/2020

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	ELIM	Total Enterprise Fund
111 Cash - Unrestricted	\$ 832,136	\$ 1,951,725	\$ 551,430	\$ -	\$ 621,328	\$ -	\$ 3,956,619
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113 Cash - Other Restricted	60,692	-	273,487	-	-	-	334,179
114 Cash - Tenant Security Deposits	-	2,050	-	-	-	-	2,050
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
100 Total Cash	\$ 892,828	\$ 1,953,775	\$ 824,917	\$ -	\$ 621,328	\$ -	\$ 4,292,848
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	210,300	-	-	126,442	(210,300)	126,442
126 Accounts Receivable - Tenants	-	3,165	16,801	-	-	-	19,966
126.1 Allowance for Doubtful Accounts -Tenants	-	(2,690)	(14,347)	-	-	-	(17,037)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	(51,939)	-	(51,939)
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129 Accrued Interest Receivable	303	-	-	-	-	-	303
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 303	\$ 210,775	\$ 2,454	\$ -	\$ 74,503	\$ (210,300)	\$ 77,735
131 Investments - Unrestricted	24,706	-	-	-	-	-	24,706
132 Investments - Restricted	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-	31,336	-	31,336
143 Inventories	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	-	826,478	-	-	-	(826,478)	-
145 Assets Held for Sale	-	-	-	-	-	-	-
150 Total Current Assets	\$ 917,837	\$ 2,991,028	\$ 827,371	\$ -	\$ 727,167	\$ (1,036,778)	\$ 4,426,625
161 Land	965,164	30,590	-	-	-	-	995,754

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Balance Sheet Summary

Fiscal Year

End: 06/30/2020

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	ELIM	Total Enterprise Fund
162 Buildings	1,865,720	275,310	2,972	-	15,539	-	2,159,541
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	107,867	-	22,932	-	89,588	-	220,387
165 Leasehold Improvements	-	4,720	-	-	-	-	4,720
166 Accumulated Depreciation	(1,794,656)	(244,102)	(23,031)	-	(88,728)	-	(2,150,517)
167 Construction in Progress	-	25,505	-	-	-	-	25,505
168 Infrastructure	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 1,144,095	\$ 92,023	\$ 2,873	\$ -	\$ 16,399	\$ -	\$ 1,255,390
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-	-
180 Total Non-Current Assets	\$ 1,144,095	\$ 92,023	\$ 2,873	\$ -	\$ 16,399	\$ -	\$ 1,255,390
200 Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290 Total Assets and Deferred Outflow of Resources	\$ 2,061,932	\$ 3,083,051	\$ 830,244	\$ -	\$ 743,566	\$ (1,036,778)	\$ 5,682,015
311 Bank Overdraft	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	7,701	943	97,242	-	22,078	-	127,964
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	51,136	-	51,136
322 Accrued Compensated Absences - Current Portion	17,050	-	12,637	-	8,904	-	38,591
324 Accrued Contingency Liability	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	65,376	-	-	-	65,376
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	1,147	4,790	20,089	-	-	-	26,026
341 Tenant Security Deposits	-	2,050	-	-	-	-	2,050

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Balance Sheet Summary

Fiscal Year

End: 06/30/2020

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	ELIM	Total Enterprise Fund
342 Unearned Revenue	60,692	-	87,725	-	-	-	148,417
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	210,300	(210,300)	-
346 Accrued Liabilities - Other	-	-	8,708	-	-	-	8,708
347 Inter Program - Due To	-	-	-	-	826,478	(826,478)	-
348 Loan Liability - Current	-	-	-	-	-	-	-
310 Total Current Liabilities	\$ 86,590	\$ 7,783	\$ 291,777	\$ -	\$ 1,118,898	\$ (1,036,778)	\$ 468,268
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	132,362	-	-	-	132,362
354 Accrued Compensated Absences - Non Current	41,742	-	30,939	-	21,800	-	94,481
355 Loan Liability - Non Current	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-
350 Total Non-Current Liabilities	\$ 41,742	\$ -	\$ 163,301	\$ -	\$ 21,800	\$ -	\$ 226,843
300 Total Liabilities	\$ 128,332	\$ 7,783	\$ 455,078	\$ -	\$ 1,140,698	\$ (1,036,778)	\$ 695,111
400 Deferred Inflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
508.4 Net Investment in Capital Assets	1,144,095	92,023	2,873	-	16,395	-	1,255,390
511.4 Restricted Net Position	-	-	273,487	-	-	-	273,487
512.4 Unrestricted Net Position	789,505	2,983,245	98,806	-	(413,529)	-	3,458,027
513 Total Equity - Net Assets / Position	\$ 1,933,600	\$ 3,075,268	\$ 375,166	\$ -	\$ (397,130)	\$ -	\$ 4,986,904
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 2,061,932	\$ 3,083,051	\$ 830,244	\$ -	\$ 743,568	\$ (1,036,778)	\$ 5,682,015

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 06/30/2020

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	ELIM	Total Enterprise Fund
70300 Net Tenant Rental Revenue	\$ 28,017	\$ 49,318	\$ -	\$ -	\$ -	\$ -	\$ 77,335
70400 Tenant Revenue - Other	2,522	1,085	-	-	-	-	3,607
70500 Total Tenant Revenue	\$ 30,539	\$ 50,403	\$ -	\$ -	\$ -	\$ -	\$ 80,942
70600 HUD PHA Operating Grants	477,509	-	6,449,115	123,830	-	-	7,050,454
70610 Capital Grants	973,184	-	-	-	-	-	973,184
70710 Management Fee	-	-	-	-	156,014	(156,014)	-
70720 Asset Management Fee	-	-	-	-	3,780	(3,780)	-
70730 Book Keeping Fee	-	-	-	-	87,231	(87,231)	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
70700 Total Fee Revenue	\$ 1,450,693	\$ -	\$ 6,449,115	\$ 123,830	\$ 247,025	\$ (247,025)	\$ 8,023,638
70800 Other Government Grants	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	304	10,129	5,688	-	20,012	-	36,132
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	9,544	-	-	-	9,544
71500 Other Revenue	135,270	102,538	-	-	183,702	(121,900)	299,610
71600 Gain or Loss on Sale of Capital Assets	(968,463)	1,645,782	-	-	-	-	677,319
72000 Investment Income - Restricted	-	-	-	-	-	-	-
70000 Total Revenue	\$ 648,343	\$ 1,808,851	\$ 6,464,347	\$ 123,830	\$ 450,739	\$ (368,925)	\$ 9,127,185
91100 Administrative Salaries	34,975	-	229,028	91,514	248,901	-	604,418
91200 Auditing Fees	31,400	1,000	16,000	-	5,198	-	53,598
91300 Management Fee	13,897	5,833	136,284	-	-	(156,014)	-
91310 Book-keeping Fee	2,054	-	85,177	-	-	(87,231)	-
91400 Advertising and Marketing	-	-	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	14,251	-	98,911	-	57,122	-	170,284
91600 Office Expenses	25,035	31,326	61,452	1,744	39,208	-	158,765

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 06/30/2020

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	ELIM	Total Enterprise Fund
91700 Legal Expense	-	-	-	-	9,334	-	9,334
91800 Travel	524	-	6,209	-	10,663	-	17,396
91810 Allocated Overhead	-	-	-	-	-	-	-
91900 Other	63,447	-	52,563	-	21,336	-	137,346
91000 Total Operating - Administrative	\$ 185,583	\$ 38,159	\$ 685,624	\$ 93,258	\$ 391,762	\$ (243,245)	\$ 1,151,141
92000 Asset Management Fee	\$ 3,780	\$ -	\$ -	\$ -	\$ -	\$ (3,780)	\$ -
92100 Tenant Services - Salaries	-	-	-	2,023	-	-	2,023
92200 Relocation Costs	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	959	-	-	959
92400 Tenant Services - Other	404	8,411	-	27,590	-	-	36,405
92500 Total Tenant Services	\$ 404	\$ 8,411	\$ -	\$ 30,572	\$ -	\$ -	\$ 39,387
93100 Water	16,015	286	-	-	15	-	16,316
93200 Electricity	2,017	943	5,923	-	10,825	-	19,708
93300 Gas	1,303	191	767	-	1,235	-	3,496
93400 Fuel	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-
93600 Sewer	-	-	-	-	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-
93000 Total Utilities	\$ 19,335	\$ 1,420	\$ 6,690	\$ -	\$ 12,075	\$ -	\$ 39,520
94100 Ordinary Maintenance and Operations - Labor	26,405	-	-	-	-	-	26,405
94200 Ordinary Maintenance and Operations - Materials and Other	7,093	1,605	910	-	225	-	9,833
94300 Ordinary Maintenance and Operations Contracts	53,351	8,185	9,846	-	9,836	-	81,218
94500 Employee Benefit Contributions - Ordinary Maintenance	6,826	-	-	-	-	-	6,826
94000 Total Maintenance	\$ 93,675	\$ 9,790	\$ 10,756	\$ -	\$ 10,061	\$ -	\$ 124,282
95100 Protective Services - Labor	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 06/30/2020

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	ELIM	Total Enterprise Fund
95300 Protective Services - Other	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
95000 Total Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96110 Property Insurance	20,733	2,574	-	-	3,549	-	26,856
96120 Liability Insurance	1,556	599	11,117	-	5,772	-	19,044
96130 Workmen's Compensation	1,376	-	1,200	-	2,182	-	4,758
96140 All Other Insurance	1,388	252	1,244	-	964	-	3,848
96100 Total insurance Premiums	\$ 25,053	\$ 3,425	\$ 13,561	\$ -	\$ 12,467	\$ -	\$ 54,506
96200 Other General Expenses	141,660	-	4,900	-	391	(121,900)	25,051
96210 Compensated Absences	1,613	-	30,949	-	21,653	-	54,215
96300 Payments in Lieu of Taxes	1,148	4,790	-	-	-	-	5,938
96400 Bad debt - Tenant Rents	-	774	-	-	-	-	774
96500 Bad debt - Mortgages	-	-	-	-	-	-	-
96600 Bad debt - Other	1,488,558	432,224	-	-	-	-	1,920,782
96800 Severance Expense	-	-	-	-	-	-	-
96000 Total Other General Expenses	\$ 1,632,979	\$ 437,788	\$ 35,849	\$ -	\$ 22,044	\$ (121,900)	\$ 2,006,760
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96900 Total Operating Expenses	\$ 1,960,809	\$ 498,993	\$ 752,480	\$ 123,830	\$ 448,409	\$ (368,925)	\$ 3,415,596
97000 Excess of Operating Revenue over Operating Expenses	\$ (1,312,466)	\$ 1,309,858	\$ 5,711,867	\$ -	\$ 2,330	\$ -	\$ 5,711,589
97100 Extraordinary Maintenance	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	228,530	-	5,928,925	-	-	-	6,157,455

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 06/30/2020

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	ELIM	Total Enterprise Fund
97350 HAP Portability-In	-	-	-	-	-	-	-
97400 Depreciation Expense	193,167	7,197	99	-	3,160	-	203,623
97500 Fraud Losses	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-
90000 Total Expenses	\$ 2,382,506	\$ 506,190	\$ 6,681,504	\$ 123,830	\$ 451,569	\$ (368,925)	\$ 9,776,674
10010 Operating Transfer In	194,224	-	-	-	-	(194,224)	-
10020 Operating transfer Out	(194,224)	-	-	-	-	194,224	-
10100 Total Other financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (1,734,163)	\$ 1,302,661	\$ (217,157)	\$ -	\$ (830)	\$ -	\$ (649,489)
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	\$ 3,667,763	\$ 1,772,607	\$ 592,323	\$ -	\$ (396,300)	\$ -	\$ 5,636,393
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-
11170 Administrative Fee Equity	\$ -	\$ -	\$ 101,679	\$ -	\$ -	\$ -	\$ 101,679
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ 273,487	\$ -	\$ -	\$ -	\$ 273,487
11190 Unit Months Available	378	132	18,984	-	-	-	19,494
11210 Number of Unit Months Leased	274	115	11,357	-	-	-	11,746
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620 Building Purchases	-	-	-	-	6,537	-	6,537
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

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? Yes No

Are significant deficiencies that are not considered to be material weaknesses identified?

Yes None Reported

Is noncompliance that could have a material effect on the financial statements identified?

Yes No

Federal Awards

Internal control over major programs:

Are material weaknesses identified? Yes No

Are significant deficiencies that are not considered to be material weaknesses identified?

Yes None Reported

Type of report issued on compliance with requirements applicable to each major program:

Qualified

Are there any audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance?

Yes No

Identification of Major Programs

Section 8 Housing Choice Voucher Program

CFDA No.
14.871

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

Is the auditee identified as a low-risk auditee? Yes No

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section II: Financial Statement Findings:

Prior Year Finding:

None

Current Year Finding:

None

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section III: Federal Awards Findings & Questioned Costs:

Prior Year Findings:

Finding 2019-001 – HUD QAD Voucher Management System Validation Review

Section 8 Housing Choice Voucher Program – CFDA No. 14.871; Grant Period July 1, 2018 through June 30, 2019

Condition and Cause

HUD's Quality Assurance Division (QAD) performed an onsite Housing Choice Voucher Program Voucher Management System (VMS) Validation Review in May of 2019. The Review focused on the reporting period of April 2018 through March of 2019. The Review Report issued on July 15, 2019 contained the following Findings:

Review Finding 1: Unit Months Leased (UML) and Housing Assistance Payments (HAP) could not be validated. The source documents provided by the Authority did not offer QAD with a clear audit trail so the UML and HAP could be validated for the period of April 2018 through March 2019.

Review Finding 2: The Authority needs to improve its internal controls. The Authority failed to maintain complete and accurate records for the HCV program.

Current Year Status

The Authority's Corrective Action Plan, dated August 12, 2019, does not appear to have been fully executed with respect to classifying and coding leasing data in the appropriate voucher categories from software-generated reports. The Finding is restated as Current Year Finding 2020-001.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section III: Federal Awards Findings & Questioned Costs (Continued):

Current Year Finding:

Finding 2020-001 – HUD QAD Voucher Management System Validation Review

Section 8 Housing Choice Voucher Program – CFDA No. 14.871; Grant Period July 1, 2018 through June 30, 2019 (FY 2018 Audit Finding 2019-001)

Criteria

HUD Notice PIH 2014-05 provides that HUD will, “collect leasing and cost information from Public Housing Authorities (PHAs) through the VMS.” The Department will use VMS data for funding decisions, monitoring, and funding related factors.

Additionally, and in accordance with 24 CFR 982.1589(a), PHA’s must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. Financial and program managers must be accountable to program results and fiscally responsible for their resources. They must be able to provide information that is essential to monitor budgets and operating performance. To meet these needs, internal systems must process, track and provide accurate, timely, internally consistent, and readily accessible information on program activity in the most cost-effective and efficient manner.

Condition, Cause and Perspective

HUD’s Quality Assurance Division (QAD) performed an onsite Housing Choice Voucher Program Voucher Management System (VMS) Validation Review in May of 2019. The Review focused on the reporting period of April 2018 through March of 2019. The Review Report issued on July 15, 2019 contained the following Findings:

Review Finding 1: Unit Months Leased (UML) and Housing Assistance Payments (HAP) could not be validated. The source documents provided by the Authority did not offer QAD with a clear audit trail so the UML and HAP could be validated for the period of April 2018 through March 2019.

Review Finding 2: The Authority needs to improve its internal controls. The Authority failed to maintain complete and accurate records for the HCV program.

The Authority’s Corrective Action Plan, dated August 12, 2019, does not appear to have been fully executed with respect to classifying and coding leasing data in the appropriate voucher categories from software-generated reports.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section III: Federal Awards Findings & Questioned Costs (Continued):

Current Year Finding (Continued):

Finding 2020-001 – HUD QAD Voucher Management System Validation Review (Continued)

Questioned Costs

None noted.

Effect

Inaccurate VMS information may impact the PHA financially as it is critical for ensuring correct program funding. VMS data is used for funding decisions, monitoring and funding related factors under the Section Eight Management Assessment Program.

Recommendation

We recommend that the Authority implement and execute strengthened controls over VMS reporting procedures.

Reply

The Authority will work with the software vendor to correct the classification and coding of leasing data in the appropriate voucher categories in accordance with HUD's Corrective Action. The Authority's Deputy Director has assumed the responsibility of implementing and executing strengthened controls over VMS reporting and expects the deficiencies which led to this Finding to be resolved by February 26, 2021.

Finding 2020-002 – Tenant File Maintenance

Section 8 Housing Choice Voucher Program – CFDA No. 14.871; Grant Period July 1, 2019 through June 30, 2020

Criteria

24 CFR Sections 5 and 982 provide PHA's with eligibility determination and documentation requirements for program participants.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

Section III: Federal Awards Findings & Questioned Costs (Continued):

Current Year Finding (Continued):

Finding 2020-002 – Tenant File Maintenance (Continued)

Condition and Perspective

During audit fieldwork, forty tenant files were requested for review. Two of the forty files requested for review were not provided.

Results of the review of 38 files is as follows:

- a) Three files were missing an executed lease.
- b) Two files were missing a HUD Form 9886 (Authorization for the Release of Information)
- c) Three files were missing rent reasonableness documentation
- d) One file was missing a third-party verification of income
- e) One file was missing a HUD Form 52517 (Request for Tenancy Approval)
- f) One file was missing HUD Form 52641 (HAP Contract)
- g) One file was missing a Lead-Based Paint Disclosure Form

Cause

Lack of controls over eligibility document maintenance.

Questioned Costs – None

Recommendation

We recommend the Authority implement and execute strengthened controls over its eligibility document maintenance processes.

Reply

The Authority will implement and execute strengthened controls over eligibility document maintenance processes. The Authority's Deputy Director has assumed the responsibility of implementing and executing strengthened controls over eligibility document maintenance processes and expects the deficiencies which led to this Finding to be resolved by February 26, 2021.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

CORRECTIVE ACTION PLAN

JUNE 30, 2020

Finding 2020-001 – HUD QAD Voucher Management System Validation Review

Corrective Action Plan

The Authority will work with the software vendor to correct the classification and coding of leasing data in the appropriate voucher categories in accordance with HUD's Corrective Action. The Authority's Deputy Director has assumed the responsibility of implementing and executing strengthened controls over VMS reporting and expects the deficiencies which led to this Finding to be resolved by February 26, 2021.

Finding 2020-002 – Tenant File Maintenance

Corrective Action Plan

The Authority will implement and execute strengthened controls over eligibility document maintenance processes. The Authority's Deputy Director has assumed the responsibility of implementing and executing strengthened controls over eligibility document maintenance processes and expects the deficiencies which led to this Finding to be resolved by February 26, 2021.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

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

YEAR ENDED JUNE 30, 2020

EXPENDITURE PURPOSE

Salary	<u>\$ 99,126</u>
Benefits - Retirement	<u>9,947</u>
Car Allowance	<u>6,600</u>
Reimbursements	<u>6,521</u>
Total Compensation, Benefits and Other Payments	<u><u>\$ 122,194</u></u>

Agency Head (at June 30, 2020): Joseph P. Page, Executive Director

Agency Head (Current): Stephan Fontenot, 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*.