

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED JUNE 30, 2017

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
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INDEPENDENT AUDITORS' 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 year ended June 30, 2017, 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.

Auditors' 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, 2017, 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 14 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.

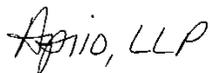
Other Information

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 11, 2017 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 11, 2017

**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
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 year ended June 30, 2017, 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 11, 2017.

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* and therefore, *material weaknesses* or *significant deficiencies* may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be *material weaknesses*. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2017-001 that we consider to be a *significant deficiency*.

Compliance and Other Matters

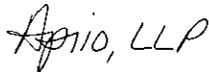
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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*.

The Authority's Response to the Finding

The Authority's response to the 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 the financial statements and, accordingly, we express no opinion on the response.

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.

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

Birmingham, Alabama
December 11, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH 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 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 June 30, 2017. 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.

Auditors' 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* (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 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 June 30, 2017.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance 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

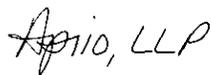
Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major 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.

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 first paragraph of this section 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 over compliance that we consider to be *material weaknesses*. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings 2017-001 and 2017-002, that we consider to be *significant deficiencies*.

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.



Birmingham, Alabama
December 11, 2017

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 \$.9 million in 2017. Net Position was \$17.9 million and \$17 million for 2016 and 2017, respectively.
- Revenues decreased \$.3 million during 2017, and were \$7.9 million and \$7.6 million for 2016 and 2017, respectively.
- The total expenses of all Authority programs increased \$.2 million. Total expenses were \$8.2 million and \$8.4 million for 2016 and 2017, respectively.

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 where assets and deferred outflows of resources, equals liabilities, deferred inflows of resources and "Net Position", formerly known as net assets. Assets and deferred outflows of resources, and liabilities and deferred inflows of resources are presented in order of liquidity.

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) are 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 "Invested in Capital Assets, Net of Related Debt", 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 and operating grants; Operating Expenses such as administrative, utilities, maintenance, and depreciation; and Non-Operating Revenues such as capital grant revenue and investment income.

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, capital and related financing activities and investing activities.

The Authority's Main Programs

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 provide 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 and reporting sectors:

- Business Activities, including Alexandria Affordable Housing Corporation (a Blended Component Unit)
- Central Office Cost Center

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>2017</u>	<u>2016</u>	<u>Variance</u>
Assets:			
Current Assets	\$ 3,267,884	\$ 3,557,702	\$ (289,818)
Capital Assets	14,487,092	15,337,690	(850,598)
Total Assets	<u>\$ 17,754,976</u>	<u>\$ 18,895,392</u>	<u>\$ (1,140,416)</u>
Liabilities:			
Current Liabilities	\$ 466,616	\$ 483,971	\$ (17,355)
Long Term Liabilities	290,716	552,674	(261,958)
Total Liabilities	<u>\$ 757,332</u>	<u>\$ 1,036,645</u>	<u>\$ (279,313)</u>
Net Position:			
Net Investment in Capital Assets	\$ 14,487,092	\$ 15,337,690	\$ (850,598)
Unrestricted Net Position	2,510,552	2,521,057	(10,505)
Total Net Position	<u>\$ 16,997,644</u>	<u>\$ 17,858,747</u>	<u>\$ (861,103)</u>

Current assets decreased due primarily to a reduction of receivables due from HUD. Capital assets decreased as a result of depreciation exceeding capital additions.

Non-current liabilities decreased due to a reduction of the Section 8 Housing Choice Voucher Program liability due HUD under an executed Repayment Agreement. See the Notes to the Financial Statements for additional information regarding the Repayment Agreement.

Table 2 on the following page presents details on the change in Unrestricted Net Position.

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position, June 30, 2016	\$ 2,521,057
Results of Operations	(736,706)
Capital Expenditures from Operations	(41,894)
Investment Income	14,331
RAD Predevelopment Costs	(321,186)
Depreciation Expense	<u>1,074,950</u>
Unrestricted Net Position, June 30, 2017	<u><u>\$ 2,510,552</u></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 change in financial well-being.

TABLE 3

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Revenue:			
Tenant Rental Revenue	\$ 814,448	\$ 959,342	\$ (144,894)
Operating Grants	6,544,895	6,611,137	(66,242)
Capital Grants	182,458	146,147	36,311
Investment Income	14,331	3,523	10,808
Gain on Disposal of Capital Assets	-	116,671	(116,671)
Other Revenue	6,574	37,157	(30,583)
	<u>\$ 7,562,706</u>	<u>\$ 7,873,977</u>	<u>\$ (311,271)</u>
Expenses:			
Administrative Expenses	\$ 1,670,127	\$ 1,604,761	\$ 65,366
Tenant Services	4,396	3,538	858
Utilities	344,042	225,664	118,378
Maintenance & Operations	922,712	1,092,823	(170,111)
General Expense	409,885	427,869	(17,984)
Housing Assistance Payments	3,676,511	3,725,611	(49,100)
RAD Predevelopment Costs	321,186	-	321,186
Depreciation	1,074,950	1,096,983	(22,033)
	<u>\$ 8,423,809</u>	<u>\$ 8,177,249</u>	<u>\$ 246,560</u>
Excess (Deficiency) Revenue Over Expense	<u><u>\$ (861,103)</u></u>	<u><u>\$ (303,272)</u></u>	<u><u>\$ (557,831)</u></u>

Tenant rental revenue decreased due to both decreased leasing and a reduction of tenant income from the prior year. The fiscal year 2016 gain on the disposition of capital assets was a result of prior year asset sales. No such disposal activity occurred during fiscal year 2017.

Administrative expenses increased due primarily to an increase of personnel and related benefit costs incurred. Utilities expense increased due to an increase in water expenditures incurred. Maintenance expenses decreased due to a reduction of external contracting costs incurred on the Public Housing dwelling properties. Rental Assistance Demonstration (RAD) Program predevelopment costs consist of appraisals, application fees and other predevelopment costs incurred on the Harmony Garden Estates property. The RAD conversion is anticipated to begin during fiscal year 2018.

CAPITAL ASSETS

As of year end, the Authority had \$14.5 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$.8 million or 6% from the end of last year.

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

	<u>2017</u>	<u>2016</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 995,754	\$ 995,754	\$ -	0%
Buildings & Improvements	47,637,763	47,427,570	210,193	0%
Furniture & Equipment	413,155	398,996	14,159	4%
Accumulated Depreciation	<u>(34,559,580)</u>	<u>(33,484,630)</u>	<u>(1,074,950)</u>	<u>3%</u>
Net Capital Assets	<u>\$ 14,487,092</u>	<u>\$ 15,337,690</u>	<u>\$ (850,598)</u>	<u>-6%</u>

**TABLE 5
CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, July 1, 2016	\$ 15,337,690
Additions:	
Buildings & Improvements	210,193
Equipment	14,159
Depreciation Expense	<u>(1,074,950)</u>
Ending Balance, June 30, 2017	<u>\$ 14,487,092</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 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 Housing Authority's finances as of June 30, 2017. The individual to be contacted regarding this report is Mr. Joseph P. Page, Executive Director, Housing Authority of the City of Alexandria, at 2558 Loblolly Lane, Alexandria, LA, 71306.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 STATEMENT OF NET POSITION
 JUNE 30, 2017

ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES

	Enterprise Fund
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 3,052,293
Accounts Receivable - Grants	53,100
Accounts Receivable - Other	233
Tenants Accounts Receivable	42,862
Allowance for Doubtful Accounts	(21,456)
Accrued Interest Receivable	23
Investments	24,583
Prepaid Costs	116,246
Total Current Assets	<u>3,267,884</u>
<u>Capital Assets</u>	
Land	995,754
Buildings and Improvements	47,637,763
Furniture & Equipment	413,155
	<u>49,046,672</u>
(Less): Accumulated Depreciation	<u>(34,559,580)</u>
Net Capital Assets	<u>14,487,092</u>
	<u>17,754,976</u>
Total Assets	<u>17,754,976</u>
Deferred Outflows of Resources	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,754,976</u>

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 STATEMENT OF NET POSITION
 JUNE 30, 2017

LIABILITIES, DEFERRED INFLOWS OF
 RESOURCES AND NET POSITION

	Enterprise Fund
<u>Current Liabilities</u>	
Accounts Payable	\$ 168,330
Accrued Wages and Payroll Taxes	44,178
Accrued Compensated Absences	32,245
Accounts Payable - HUD	48,248
Accounts Payable - Other	
Government	50,996
Tenant Security Deposits	92,408
Unearned Revenue	30,211
Total Current Liabilities	<u>466,616</u>
<u>Long Term Liabilities</u>	
Accounts Payable - HUD, Non-current	211,778
Accrued Compensated Absences	78,938
Total Long Term Liabilities	<u>290,716</u>
Total Liabilities	<u>757,332</u>
Deferred Inflows of Resources	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>757,332</u>
<u>Net Position</u>	
Net Investment in Capital Assets	14,487,092
Unrestricted Net Position	2,510,552
Total Net Position	<u>16,997,644</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 17,754,976</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, 2017

	Enterprise Fund
<u>Operating Revenues</u>	
Dwelling Rent	\$ 814,448
Operating Grants	6,544,895
Other Revenue	6,574
Total Operating Revenues	<u>7,365,917</u>
<u>Operating Expenses</u>	
Administrative	1,670,127
Tenant Services	4,396
Utilities	344,042
Maintenance and Operations	922,712
General Expense	409,885
Housing Assistance Payments	3,676,511
Depreciation	1,074,950
Total Operating Expenses	<u>8,102,623</u>
Operating Income (Loss)	<u>(736,706)</u>
<u>Non-Operating Revenues</u>	
Investment Income	14,331
RAD Predevelopment Costs	(321,186)
Total Non-Operating Revenue	<u>(306,855)</u>
Increase (decrease) before Capital Contributions	<u>(1,043,561)</u>
Capital Contributions	<u>182,458</u>
Increase (Decrease) in Net Position	(861,103)
Net Position, Beginning	17,858,747
Net Position, Ending	<u>\$ 16,997,644</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, 2017**

	Enterprise Fund
<u>Cash flows from operating activities:</u>	
Cash Received from Dwelling Rent	\$ 775,798
Cash Received from Operating Grants	6,877,260
Cash Received from Other Sources	21,808
Cash Payments for Salaries and Benefits	(1,680,054)
Cash Payments to Vendors and Landlords	(5,519,290)
Net cash provided (used) by operating activities	<u>475,522</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Grants Received	211,649
Capital Outlay	(224,352)
Net cash provided (used) by capital & related financing activities	<u>(12,703)</u>
<u>Cash flows from investing activities:</u>	
Interest earned from cash and investments	14,331
Advances to Harmony Garden Estates, LP	(321,186)
Net cash provided (used) by investing activities	<u>(306,855)</u>
Net increase in cash and cash equivalents	155,964
Total cash and cash equivalents, beginning of year	<u>2,896,329</u>
Total cash and cash equivalents, end of year	<u>\$ 3,052,293</u>
 <u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>	
Operating Income (Loss)	\$ (736,706)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,074,950
Bad Debt Expense (Tenants)	48,337
Bad Debt Expense (Other)	94,968
Change in Tenant Accounts Receivable	(38,616)
Change in Accounts Receivable/Payable - Grants	314,227
Change in Other Accounts Receivable	28,398
Change in Prepaid Costs	(30,723)
Change in Accounts Payable - Operating	(53,361)
Change in Accrued Expenses	13,327
Change in Deferred Revenue - Grants	18,138
Change in Deferred Revenue - Tenants	(34)
Change in Security Deposits Held	(13,164)
Change in HUD Repayment Agreement Liabilities	(244,219)
Net cash provided (used) by operating activities	<u>\$ 475,522</u>

See the accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

ALEXANDRIA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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

The Housing Authority considers bank deposits in checking accounts to be cash and cash equivalents.

Accounts Receivable

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

Prepaid Costs

Prepaid costs consist of insurance pre-payments for coverage applicable to fiscal year 2018.

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.

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, 2017, and as of December 11, 2017. No significant capital asset value impairments exist as of the noted dates.

Accounts Payable – Other Government

The Authority has entered into a Payment-in-Lieu of Taxes (PILOT) Agreement with the City of Alexandria whereby the Authority agrees to pay a negotiated sum in lieu of real property taxes.

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. A copy of the Corporation's financial statements for the year ended June 30, 2017 may be obtained by writing to the Housing Authority of the City of Alexandria, Finance Department, at 2558 Loblolly Lane, Alexandria, LA, 71306. 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. As of and for the year ended June 30, 2017, the Corporation reported assets of \$407,250 consisting entirely of cash; no liabilities; net position of \$407,250; and no revenues or cash flows.

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 \$3,052,293. Investments consist of three certificates of deposit (CD's) with interest rates of .10%, totaling \$24,583. Deposits with financial institutions are secured as follows:

	<u>Reconciled Book Balance</u>	<u>Bank Deposits</u>
Insured by FDIC	\$ 250,000	\$ 250,000
Collateralized with specific securities pledged to the Authority and held by a third party financial institution	2,826,876	3,066,493
	<u>\$ 3,076,876</u>	<u>\$ 3,316,493</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. Under-collateralized funds as of year-end were a result of HUD grant deposits on the last business day of the year, which the bank did not collateralize prior to year-end.

NOTE D - CONTRACTUAL COMMITMENTS

The Authority had outstanding contractual commitments as of the Statement of Net Position Date as follows:

<u>Type of Commitment:</u>	
Renovations/ Modernizations	\$ 31,747
Professional Services	97,376
Total Outstanding Contractual Commitments	<u>\$ 129,123</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE E – 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, and accounts receivable valuations. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE F – 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.

NOTE G – 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 H – 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, 2017 consisted of the following:

Business Activities	\$ 57,859
Central Office Cost Center	<u>(57,859)</u>
	<u>\$ -</u>

NOTE I - 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, 2017, the Authority contributed \$103,425 to the Plan. Employees contributed \$25,337.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE J – 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 K – 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 L – CAPITAL ASSETS

Summaries of capital assets as of June 30, 2017, and activity for the fiscal year then ended are as follows:

	PUBLIC HOUSING & CFP	HOUSING CHOICE VOUCHER	BUSINESS ACTIVITIES	COCC	TOTAL
Land	\$ 965,164	\$ -	\$ 30,590	\$ -	\$ 995,754
Building and Improvements	47,353,252	-	279,460	5,051	47,637,763
Furniture and Equipment	261,404	62,163	-	89,588	413,155
Less Accumulated Depreciation	<u>(34,195,455)</u>	<u>(57,682)</u>	<u>(222,548)</u>	<u>(83,895)</u>	<u>(34,559,580)</u>
Total Capital Assets	<u>\$ 14,384,365</u>	<u>\$ 4,481</u>	<u>\$ 87,502</u>	<u>\$ 10,744</u>	<u>\$ 14,487,092</u>

	July 1, 2016 <u>Balance</u>	<u>Additions</u>	<u>Transfers & Deletions</u>	June 30, 2017 <u>Balance</u>
Land	\$ 995,754	\$ -	\$ -	\$ 995,754
Total Assets not being depreciated	995,754	-	-	995,754
Buildings and Improvements	47,427,570	210,193	-	47,637,763
Furniture and Equipment	<u>398,996</u>	<u>14,159</u>	<u>-</u>	<u>413,155</u>
Total Capital Assets	48,822,320	224,352	-	49,046,672
Less Accumulated Depreciation				
Buildings and Improvements	(33,133,965)	(1,057,485)	-	(34,191,450)
Furniture and Equipment	<u>(350,665)</u>	<u>(17,465)</u>	<u>-</u>	<u>(368,130)</u>
Net Book Value	<u>\$ 15,337,690</u>	<u>\$ (850,598)</u>	<u>\$ -</u>	<u>\$ 14,487,092</u>

During fiscal year 2018, Authority management anticipates entering into a long-term ground lease in which the Authority will lease a former Public Housing dwelling property to Harmony Garden Estates, LP, an affiliated partnership in connection with the Authority's participation in HUD's Rental Assistance Demonstration (RAD) Program. The leased property currently erected on the land will be accounted for as a capital lease in which the Authority will remove the historical cost of the building, improvements and fixtures of \$14,386,195 and the related accumulated depreciation of \$11,774,487 (as of June 30, 2017) from its Statement of Net Position. Authority management estimates the lease will be executed before December 31, 2017.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE M – LONG-TERM LIABILITIES

A summary of long-term liability activity for the fiscal year ended June 30, 2017 is as follows:

	July 1, <u>2016 Balance</u>	<u>Increase</u>	<u>Decrease</u>	June 30, <u>2017 Balance</u>	Due Within <u>One Year</u>
Repayment Agreements due to HUD	\$ 504,245	\$ -	\$ 244,219	\$ 260,026	\$ 48,248
Compensated Absences	100,293	98,119	87,229	111,183	32,245
Less: Current portion	(51,864)			(80,493)	
Long Term Liabilities	<u>\$ 552,674</u>	<u>\$ 98,119</u>	<u>\$ 331,448</u>	<u>\$ 290,716</u>	<u>\$ 80,493</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. During fiscal year 2017, the Authority paid back \$244,219. As of June 30, 2017, the Authority owed HUD the remaining \$238,250, of which \$26,472 is anticipated to be paid during fiscal year 2018.

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 2018.

NOTE N – SUBSEQUENT EVENTS

In preparing the financial statements, management evaluated subsequent events through December 11, 2017, the date the financial statements were available to be issued.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 STATEMENT AND CERTIFICATION OF PROGRAM COSTS - CAPITAL FUND PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2017**

	LA48P02350113
Funds Approved	\$ 689,201
Funds Expended	689,201
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 689,201
Funds Expended	689,201
Excess of Funds Advanced	<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.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SCHEDULE OF UNCOMPLETED PROGRAM COSTS - CAPITAL FUND PROGRAM
FOR THE YEAR ENDED JUNE 30, 2017**

	LA48R02350213	LA48P02350114	LA48R02350114
Funds Approved	\$ 317,282	\$ 748,070	\$ 326,451
Funds Expended	97,308	458,343	-
Excess of Funds Approved	<u>\$ 219,974</u>	<u>\$ 289,727</u>	<u>\$ 326,451</u>
Funds Advanced	\$ 94,464	\$ 458,403	\$ -
Funds Expended	97,308	458,343	-
Excess of Funds Advanced	<u>\$ (2,844)</u>	<u>\$ 60</u>	<u>\$ -</u>
	LA48P02350115	LA48R02350115	LA48P02350116
Funds Approved	\$ 766,381	\$ 334,550	\$ 802,045
Funds Expended	671,748	-	126,218
Excess of Funds Approved	<u>\$ 94,633</u>	<u>\$ 334,550</u>	<u>\$ 675,827</u>
Funds Advanced	\$ 621,432	\$ -	\$ 126,218
Funds Expended	671,748	-	126,218
Excess of Funds Advanced	<u>\$ (50,316)</u>	<u>\$ -</u>	<u>\$ -</u>
	LA48R02350116	LA48E02350116	
Funds Approved	\$ 350,198	\$ 178,625	
Funds Expended	-	-	
Excess of Funds Approved	<u>\$ 350,198</u>	<u>\$ 178,625</u>	
Funds Advanced	\$ -	\$ -	
Funds Expended	-	-	
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

EXPENDITURES

Public Housing Program Total CFDA Number 14.850a	<u>\$ 1,984,588</u>
Section 8 Housing Choice Voucher Program Total CFDA Number 14.871	<u>4,140,029</u>
Public Housing Capital Fund Program Total CFDA Number 14.872	<u>602,736</u>
TOTAL HUD EXPENDITURES	<u>6,727,353</u>
TOTAL FEDERAL EXPENDITURES	<u><u>\$ 6,727,353</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, 2017. 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: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COC	ELIM	Total Enterprise Fund
111 Cash - Unrestricted	\$ 1,850,395	\$ 660,222	\$ 444,641	\$ 5,052	\$ -	\$ 2,960,310
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	91,983	-	-	-	-	91,983
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-
100 Total Cash	\$ 1,942,378	\$ 660,222	\$ 444,641	\$ 5,052	\$ -	\$ 3,052,293
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	53,100	-	-	-	-	53,100
124 Accounts Receivable - Other Government	94,968	-	-	-	-	94,968
125 Accounts Receivable - Miscellaneous	-	233	321,186	-	-	321,419
126 Accounts Receivable - Tenants	39,763	-	3,099	-	-	42,862
126.1 Allowance for Doubtful Accounts - Tenants	(18,357)	-	(3,099)	-	-	(21,456)
126.2 Allowance for Doubtful Accounts - Other	(94,968)	-	(321,186)	-	-	(416,154)
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-
129 Accrued Interest Receivable	23	-	-	-	-	23
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 74,529	\$ 233	\$ -	\$ -	\$ -	\$ 74,762
131 Investments - Unrestricted	24,583	-	-	-	-	24,583
132 Investments - Restricted	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	79,807	2,760	2,110	31,569	-	116,246
143 Inventories	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-
144 Inter Program Due From	-	-	57,859	-	(57,859)	-
145 Assets Held for Sale	-	-	-	-	-	-
150 Total Current Assets	\$ 2,121,297	\$ 663,215	\$ 504,610	\$ 36,621	\$ (57,859)	\$ 3,267,884
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: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	ELIM	Total Enterprise Fund
162 Buildings	47,353,252	-	279,460	5,051	-	47,637,763
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	261,404	62,163	-	89,588	-	413,155
165 Leasehold Improvements	-	-	-	-	-	-
166 Accumulated Depreciation	(34,195,455)	(57,682)	(222,548)	(83,895)	-	(34,559,580)
167 Construction in Progress	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 14,384,365	\$ 4,481	\$ 87,502	\$ 10,744	\$ -	\$ 14,487,092
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	\$ 14,384,365	\$ 4,481	\$ 87,502	\$ 10,744	\$ -	\$ 14,487,092
200 Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290 Total Assets and Deferred Outflow of Resources	\$ 16,505,662	\$ 667,696	\$ 592,112	\$ 47,365	\$ (57,859)	\$ 17,754,976
311 Bank Overdrat	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	139,032	11,443	1,866	7,281	-	159,622
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	1,471	-	-	42,707	-	44,178
322 Accrued Compensated Absences - Current Portion	19,739	8,051	-	4,455	-	32,245
324 Accrued Contingency Liability	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	48,248	-	-	-	48,248
332 Account Payable - PHA Projects	-	-	-	-	-	-
333 Accounts Payable - Other Government	41,897	-	4,619	4,480	-	50,996
341 Tenant Security Deposits	91,983	-	-	425	-	92,408

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Balance Sheet Summary

Fiscal Year

End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	ELIM	Total Enterprise Fund
342 Unearned Revenue	8,123	18,138	3,950	-	-	30,211
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	8,708	-	-	-	8,708
347 Inter Program - Due To	-	-	-	57,859	(57,859)	-
348 Loan Liability - Current	-	-	-	-	-	-
310 Total Current Liabilities	\$ 302,245	\$ 94,588	\$ 10,435	\$ 117,207	\$ (57,859)	\$ 466,616
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	-	211,778	-	-	-	211,778
354 Accrued Compensated Absences - Non Current	48,321	19,711	-	10,906	-	78,938
355 Loan Liability - Non Current	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-
350 Total Non-Current Liabilities	\$ 48,321	\$ 231,489	\$ -	\$ 10,906	\$ -	\$ 290,716
300 Total Liabilities	\$ 350,566	\$ 326,077	\$ 10,435	\$ 128,113	\$ (57,859)	\$ 757,332
400 Deferred Inflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
508.4 Net Investment in Capital Assets	14,384,365	4,481	87,502	10,744	-	14,487,092
511.4 Restricted Net Position	-	-	-	-	-	-
512.4 Unrestricted Net Position	1,770,731	337,138	494,175	(91,492)	-	2,510,552
513 Total Equity - Net Assets / Position	\$ 16,155,096	\$ 341,619	\$ 581,677	\$ (80,748)	\$ -	\$ 16,997,644
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 16,505,662	\$ 667,696	\$ 592,112	\$ 47,365	\$ (57,859)	\$ 17,754,976

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COC	ELIM	Total Enterprise Fund
70300 Net Tenant Rental Revenue	\$ 681,562	\$ -	\$ 46,274	\$ -	\$ -	\$ 727,836
70400 Tenant Revenue - Other	85,736	-	876	-	-	86,612
70500 Total Tenant Revenue	\$ 767,298	\$ -	\$ 47,150	\$ -	\$ -	\$ 814,448
70600 HUD PHA Operating Grants	2,404,866	4,140,029	-	-	-	6,544,895
70610 Capital Grants	182,458	-	-	-	-	182,458
70710 Management Fee	-	-	-	370,518	(370,518)	-
70720 Asset Management Fee	-	-	-	61,800	(61,800)	-
70730 Book Keeping Fee	-	-	-	33,682	(33,682)	-
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-
70700 Total Fee Revenue	\$ 2,587,324	\$ 4,140,029	\$ -	\$ 466,000	\$ (466,000)	\$ 6,727,353
70800 Other Government Grants	-	-	-	-	-	-
71100 Investment Income - Unrestricted	-	3,465	510	10,356	-	14,331
71200 Mortgage Interest Income	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-
71500 Other Revenue	2,042	3,605	321,186	927	(321,186)	6,574
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-
70000 Total Revenue	\$ 3,356,664	\$ 4,147,099	\$ 368,846	\$ 477,283	\$ (787,186)	\$ 7,562,706
91100 Administrative Salaries	498,891	206,090	-	240,160	-	945,141
91200 Auditing Fees	32,714	1,830	226	5,630	-	40,400
91300 Management Fee	307,989	56,798	5,731	-	(370,518)	-
91310 Book-keeping Fee	33,682	-	-	-	(33,682)	-
91400 Advertising and Marketing	14,565	-	-	-	-	14,565
91500 Employee Benefit contributions - Administrative	186,029	100,530	-	64,203	-	350,762
91600 Office Expenses	168,885	31,125	1,212	46,282	(18,949)	228,555

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	ELIM	Total Enterprise Fund
91700 Legal Expense	29,182	36	1,205	11,846	-	42,269
91800 Travel	13,410	6,520	-	9,775	-	29,705
91810 Allocated Overhead	-	-	-	-	-	-
91900 Other	302,237	7,496	-	11,234	(302,237)	18,730
91000 Total Operating - Administrative	\$ 1,587,584	\$ 410,425	\$ 8,374	\$ 389,130	\$ (725,386)	\$ 1,670,127
92000 Asset Management Fee	\$ 61,800	\$ -	\$ -	\$ -	\$ (61,800)	\$ -
92100 Tenant Services - Salaries	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-
92400 Tenant Services - Other	2,886	-	-	1,510	-	4,396
92500 Total Tenant Services	\$ 2,886	\$ -	\$ -	\$ 1,510	\$ -	\$ 4,396
93100 Water	278,531	-	-	-	-	278,531
93200 Electricity	43,269	6,343	88	8,918	-	58,618
93300 Gas	5,330	766	-	797	-	6,893
93400 Fuel	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-
93600 Sewer	-	-	-	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-
93000 Total Utilities	\$ 327,130	\$ 7,109	\$ 88	\$ 9,715	\$ -	\$ 344,042
94100 Ordinary Maintenance and Operations - Labor	213,775	-	-	-	-	213,775
94200 Ordinary Maintenance and Operations - Materials and Other	119,598	1,938	1,126	1,201	-	123,863
94300 Ordinary Maintenance and Operations Contracts	460,606	10,989	6,323	21,572	-	499,490
94500 Employee Benefit Contributions - Ordinary Maintenance	85,584	-	-	-	-	85,584
94000 Total Maintenance	\$ 879,563	\$ 12,927	\$ 7,449	\$ 22,773	\$ -	\$ 922,712
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: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	C OCC	ELIM	Total Enterprise Fund
95300 Protective Services - Other	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-
95000 Total Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96110 Property Insurance	98,306	-	1,091	2,181	-	101,578
96120 Liability Insurance	19,131	2,736	1,661	7,329	-	30,857
96130 Workmen's Compensation	30,975	1,721	-	3,129	-	35,825
96140 All Other Insurance	22,252	1,237	323	1,236	-	25,048
96100 Total insurance Premiums	\$ 170,664	\$ 5,694	\$ 3,075	\$ 13,875	\$ -	\$ 193,308
96200 Other General Expenses	5,952	9,016	321,426	5,354	-	341,748
96210 Compensated Absences	54,149	30,054	-	13,916	-	98,119
96300 Payments in Lieu of Taxes	44,940	-	4,619	-	-	49,559
96400 Bad debt - Tenant Rents	48,231	-	106	-	-	48,337
96500 Bad debt - Mortgages	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-
96000 Total Other General Expenses	\$ 153,272	\$ 39,070	\$ 326,151	\$ 19,270	\$ -	\$ 537,763
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	\$ 3,182,899	\$ 475,225	\$ 345,137	\$ 456,273	\$ (787,186)	\$ 3,672,348
97000 Excess of Operating Revenue over Operating Expenses	\$ 173,765	\$ 3,671,874	\$ 23,709	\$ 21,010	\$ -	\$ 3,890,358
97100 Extraordinary Maintenance	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-
97300 Housing Assistance Payments	-	3,676,235	-	-	-	3,676,235

Housing Authority of the City of Alexandria (LA023)
 Alexandria, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COC	ELIM	Total Enterprise Fund
97350 HAP Portability-In	-	276	-	-	-	276
97400 Depreciation Expense	1,062,337	2,987	7,159	2,467	-	1,074,950
97500 Fraud Losses	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-
90000 Total Expenses	\$ 4,245,236	\$ 4,154,723	\$ 352,296	\$ 458,740	\$ (787,186)	\$ 8,423,809
10010 Operating Transfer In	-	-	-	-	-	-
10020 Operating transfer Out	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (888,572)	\$ (7,624)	\$ 16,550	\$ 18,543	\$ -	\$ (861,103)
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	\$ 17,043,668	\$ 349,243	\$ 565,127	\$ (99,291)	\$ -	\$ 17,858,747
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-

Housing Authority of the City of Alexandria (LA023)

Alexandria, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 06/30/2017

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COC	ELIM	Total Enterprise Fund
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
11170 Administrative Fee Equity	\$ -	\$ 341,619	\$ -	\$ -	-	\$ 341,619
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -	-	\$ -
11190 Unit Months Available	6,948	13,368	132	-	-	20,448
11210 Number of Unit Months Leased	4,491	9,332	113	-	-	13,936
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -	-	\$ -
11620 Building Purchases	163,247	-	-	-	-	163,247
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	19,211	-	-	-	-	19,211
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, 2017

Section I: Summary of Auditors' 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:

Unmodified

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

Public Housing Program

CFDA No.

14.850a

Section 8 Housing Choice Voucher Program

14.871

Capital Fund Program

14.872

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, 2017

Section II: Financial Statement Findings:

Prior Year Findings:

Finding 2016-001 – Internal Control Over Financial Reporting

Condition

Effective May 1, 2016, the Authority migrated to a new general ledger software system as a part of its transition towards the implementation of a financial reporting system that ensures the timely preparation and submission of financial statements to include budget to actual reports for review and analysis by management and the board. Nevertheless, the current design and operation of HACA's internal control over financial reporting revealed the following significant conditions:

- Documentation of the components of internal control over the financial reporting processes to include alignment with the new software system.
- Failure to perform timely and/or complete reconciliations and analysis of significant general ledger accounts other than cash.
- Accounting for all financial transactions resulting in audit adjustments.
- No evidence of documented risk assessment of internal control over financial reporting.

Current Year Status

The Authority appears to have adequately supported and reconciled all significant accounts. However, the Authority does not have a documented financial internal control policy which sufficiently documents the components of internal control. Therefore, part of this Finding is restated as Finding 2017-001.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

Section II: Financial Statement Findings - Continued:

Prior Year Findings - Continued:

Finding 2016-002 – Internal Controls Over Cash Disbursement Transactions

Condition

Our testing of selected internal control attributes (month of December 2015 judgmentally selected) revealed the following conditions:

- Six (6) instances of forty-seven (47) cash disbursement transactions tested contained charges which were posted to incorrect general ledger account classifications.
- Seven (7) of forty-seven (47) cash disbursement transactions tested lacked evidence of mathematical verification of the associated invoices.

Current Year Status

The Authority appears to have appropriately implemented and executed its Corrective Action Plan. Sampled disbursements were classified appropriately. The Authority has executed a process which evidences math verification of applicable invoices. This Finding is not restated.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

Section II: Financial Statement Findings - Continued:

Current Year Finding:

Finding 2017-001 – Internal Control Over Financial Management and Reporting

Criteria

Section 200.303 of the Uniform Guidance refers non-federal entities (PHA's) to the 'Internal Control Framework' issued by the Committee on Sponsoring Organizations (COSO) for guidance in establishing and maintaining financial internal controls. COSO's Internal Control Framework consists of five integrated components of internal control, including Risk Assessment and Control Activities. Principles outlined by the framework representing fundamental concepts of the 'Control Activities' internal control component include policies and procedures.

Condition and Cause

The Authority does not have a documented financial internal control policy which sufficiently addresses the five components of internal control.

Questioned Costs – None

Effect

- A) Difficulties in effectively assessing and executing the components of internal control over financial management and reporting as the control environment evolves/changes (technology, personnel, funding...)
- B) Non-compliance with HUD requirements.

Recommendation

We recommend that the Authority develop a formal internal control policy utilizing the framework cited above and attain board approval of the policy.

Reply

The Authority will develop a formal internal control policy utilizing the cited framework as a basis. The Authority's Deputy Director has assumed the responsibility of developing the policy and attaining board approval, and expects completion by February 28, 2018.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

Section III: Federal Awards Findings & Questioned Costs:

Prior Year Findings:

Finding 2016-003 – Davis Bacon Act

Capital Fund Program – CFDA 14.872; Grant period – Fiscal Year Ended June 30, 2016

Condition

Based on our review of three (3) contracts subject to the Davis Bacon requirements, we were unable to determine in two (2) of the referenced contracts whether the “Statements of Certification” and related payroll records were received within the required seven (7) days of the payroll date for all contractors and subcontractors.

In the remaining instance, there were no records submitted to evidence compliance with the requirements of the Act.

Current Year Status

The Authority appears to have appropriately implemented and executed its Corrective Action Plan pertaining to this Finding. This Finding is not restated.

Finding 2016-004 – Internal Control Over Financial Reporting

Public Housing Program – CFDA No. 14.850a, Section 8 Housing Choice Voucher Program – CFDA No. 14.871, Capital Fund Program – CFDA 14.872; Grant period – Fiscal Year Ended June 30, 2016

See Prior Year Finding 2016-001, under Section II of this Schedule.

Finding 2016-005 – Internal Control Over Cash Disbursement Transactions

Public Housing Program – CFDA No. 14.850a, Section 8 Housing Choice Voucher Program – CFDA No. 14.871, Capital Fund Program – CFDA 14.872; Grant period – Fiscal Year Ended June 30, 2016

See Prior Year Finding 2016-002, under Section II of this Schedule.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

Section III: Federal Awards Findings & Questioned Costs - Continued:

Prior Year Findings - Continued:

Finding 2016-006 – Insufficient Documentation of Salary Charges to Federal Programs

Public Housing Program – CFDA No. 14.850a, Section 8 Housing Choice Voucher Program – CFDA No. 14.871, Capital Fund Program – CFDA 14.872; Grant period – Fiscal Year Ended June 30, 2016

Condition

In five (5) instances of six (6) personnel files tested, we noted the absence of complete records to support charges to the various federal award programs. The charges to the programs were based on an executed cost allocation plan in each employee's file. However, we were unable to reconcile the timesheets provided to us to the allocation plan distribution. We noted on each file an executed Certification of Cost Allocation Plan by each employee tested.

Current Year Status

This Finding is restated as Finding 2017-02.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

Section III: Federal Awards Findings & Questioned Costs - Continued:

Current Year Findings:

Finding 2017-001 – Internal Control Over Financial Management and Reporting

Public Housing Program – CFDA No. 14.850a, Section 8 Housing Choice Voucher Program – CFDA No. 14.871, Capital Fund Program – CFDA 14.872; Grant period – Fiscal Year Ended June 30, 2017

See Current Year Finding 2017-001, under Section II of this Schedule.

Finding 2017-002 – Unallowable Cost Charges to Public Housing Federal Program

Public Housing Program – CFDA No. 14.850a

Criteria

Table 7.2 and Sections 5.2, 5.3 and 7.10 in the Supplement to HUD Handbook 7475.1 provide PHA's with guidance in determining front-line expenses (expenses of the project) vs. fee expenses (expenses of the Central Office Cost Center (COCC)), 24 CFR Section 990.280. Specifically, Human Resources personnel are fee expenses which should be charged to the COCC.

Condition, Cause and Questioned Costs

The Authority charged a Human Resources employee's salary to the Public Housing federal program. The amount charged to Public Housing during the fiscal year was \$57,978, not including employer taxes or personnel benefits applicable to this employee.

Effect

Non-compliance with HUD requirements with respect to the Public Housing federal program.

Recommendation

We recommend that the Authority charge personnel costs associated with Human Resources personnel to the COCC, in accordance with HUD requirements.

Reply

The Authority will charge personnel costs associated with Human Resources personnel to the COCC. The Authority's Deputy Director has assumed the responsibility of charging costs in compliance with the Supplement to HUD Handbook 7475.1, and expects full compliance by December 31, 2017.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

CORRECTIVE ACTION PLAN

JUNE 30, 2017

Finding 2017-001 – Internal Control Over Financial Management and Reporting

Corrective Action Plan

The Authority will develop a formal internal control policy utilizing the cited framework as a basis. The Authority's Deputy Director has assumed the responsibility of developing the policy and attaining board approval, and expects completion by February 28, 2018.

Finding 2017-002 – Unallowable Cost Charges to Public Housing Federal Program

Corrective Action Plan

The Authority will charge personnel costs associated with Human Resources personnel to the COCC. The Authority's Deputy Director has assumed the responsibility of charging costs in compliance with the Supplement to HUD Handbook 7475.1, and expects full compliance by December 31, 2017.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

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

YEAR ENDED JUNE 30, 2017

EXPENDITURE PURPOSE

Salary	<u>\$ 81,871</u>
Benefits - Retirement	<u>8,462</u>
Car Allowance	<u>6,600</u>
Reimbursements	<u>5,485</u>
Total Compensation, Benefits and Other Payments	<u><u>\$ 102,418</u></u>

Agency Head: Joseph P. Page, 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 Alexandria, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Housing Authority of the City of Alexandria 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 July 1, 2016 through June 30, 2017. 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 was unable to provide policies which addressed Receipts, including receiving, recording and preparing deposits. The Authority did not have a board-approved payroll policy in place during the fiscal year. However, the Authority did implement a board-approved policy after its fiscal year and before the performance of these SAUP's.

Board

Board meetings were held monthly. Actual-to-budget financial activity appears to have been appropriately monitored.

Bank Reconciliations

Bank reconciliations were complete and contained the required approvals.

Collections

The Authority appears to have implemented and executed sufficient controls over the collections process.

Disbursements

The Authority appears to have implemented and executed sufficient controls over the disbursements process.

Credit Cards

Statements contained appropriate approvals and charges on statements complied with the disbursement policies. Interest charges of \$12 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.

Contracts

Contracts supported the service arrangements and were in accordance with the Authority's procurement policies and legal requirements. No amendments were noted. Applicable invoices were appropriately supported with the required documentation and were in accordance with contract terms.

Payroll and Personnel

The Authority appears to have implemented and executed sufficient controls over the payroll and personnel processes. Checks contained proper pay rates, daily attendance and related payroll taxes and retirement contributions. The Authority maintains documented leave records and supervisory approvals for leave. Termination payments were in accordance with the Authority's personnel policies.

Ethics

The Authority provided evidence of 'compliance documentation' for five out of five employees sampled. No ethics violations were reported to management during the fiscal year.

Debt Service

The Authority does not have debt applicable to these SAUP's.

Other

Under the Authority's financial accounting and reporting model, Human Resources personnel costs should be charged to the Authority's Central Office Cost Center. During the fiscal year, a Human Resources employee's salary was charged to the Public Housing federal program. The notice required by R.S. 24:523.1 was appropriately posted on the premises.

See Addendum B following this Report for the Authority's Corrective Action Plan.

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.

Aprio, LLP

Birmingham, Alabama
December 11, 2017

ADDENDUM A

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

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. Those local entities that do not meet the legal requirement to have an audit under the Audit Law are exempt from performing these AUPs. State entities that are included in the Comprehensive Annual Financial Report of the State of Louisiana, or local entities subject to Act 774 of 2014 (St. Tammany Parish), are likewise exempt from the AUPs below. **These AUPs will be effective beginning with those entities that have a June 30, 2017, fiscal year end.**

The AUPs are to be performed under the AICPA attest standards, and the AUP report must be attached to 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.

The practitioner should consider these AUPs to be "complementary" rather than "additive" as they may duplicate existing audit procedures. For example, if the AUP below indicates that 25 random transactions should be selected and the practitioner would otherwise plan to test 40 random transactions as part of the entity's audit, the practitioner may use 25 of the 40 transactions for both the audit and the AUP engagement. Also, the scope of the procedures applies to the primary reporting entity and is not required to be extended to discretely presented component units of the entity.

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 or may respond after each procedure.

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 below (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 in the AUP report. In that situation, the practitioner should perform the remaining AUPs under the attest standards and document in the AUP report. The practitioner must also include a copy of the internal auditor's procedures performed and exceptions noted when submitting the audit report and AUP report to the LLA. In this situation,

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

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.

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 or material weakness and is included as a finding for purposes of the audit.

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, 2016 through March 31, 2017 for an entity with a fiscal year ending June 30, 2017. All AUPs below will reference fiscal period to mean the 12-months covered by the AUPs.

For nonprofit entities, only those AUPs relevant to public monies (and only to the extent that the AUPs are applicable) 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 \$600,000 in public funds, only the \$600,000 would be subject to these AUPs if the funds are not otherwise commingled. In this example, if the nonprofit did not use the \$600,000 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.

Additional instructions concerning engagement approvals, report submission protocols, and the availability of forms, examples, and tools related to these procedures will be communicated as they are finalized.

Written Policies and Procedures

1. Obtain the entity’s written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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.

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- c) ***Disbursements***, including processing, reviewing, and approving
- d) ***Receipts***, including receiving, recording, and preparing deposits
- 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, (4) required approvers, and (5) monitoring card usage
- 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***, 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. Note: Ethics requirements are not applicable to nonprofits.
- j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

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Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management’s representation that the listing is complete.
4. Using the listing provided by management, select all of the entity’s bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management’s representation that the listing is complete.
6. Using the listing provided by management, select all of the entity’s cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

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- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

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11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

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- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction’s detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity’s written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management’s representation that the listing or general ledger is complete.
18. Obtain the entity’s written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

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- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management’s representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

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- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management’s representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception.

ADDENDUM B

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR, STATE-WIDE AGREED-UPON PROCEDURES

CORRECTIVE ACTION PLAN

JUNE 30, 2017

Written Policies and Procedures

The Authority will update its written policies. The Authority will develop a formal internal control policy utilizing the COSO's framework as a basis, including written policies addressing the revenue cycle.

Other

The Authority will review Federal Allowable Cost regulations and establish controls to ensure charges to federal programs are in accordance with federal regulations. Specifically, the Authority will charge personnel costs associated with Human Resources personnel to the COCC.