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

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2014

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

Release Date **MAR 25 2015**

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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 enterprise fund of **Housing Authority of the City of Alexandria (HACA)** as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise **HACA's** basic 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 the 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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

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 of America. 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 **HACA'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 **HACA'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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 16 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 conducted for the purpose of forming an opinion on the financial statements that collectively comprise HACA's basic financial statements as a whole. The accompanying Exhibits I, II and III are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Matters, Continued

Other Information, Continued

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

Opinion

In our opinion, the financial statements previously referred to present fairly, in all material respects, the respective financial position of the enterprise fund of HACA, as of June 30, 2014 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.

Emphasis of Matter

As further described in NOTE 20 and finding reference number HUD 2014-05, HUD has requested a repayment of \$553,813 from HACA based on the results of a review performed during June 2013. Management of HACA is in continued dialogue with HUD regarding the request. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014 on our consideration of HACA's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HACA's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2014

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of Housing Authority of the City of Alexandria (HACA), has complied with the requirements of Government Accounting Standards Board Statement No 34 and related amendments, as applicable and offers readers of HACA's financial statements, this narrative overview and analysis of the financial activities of HACA for the fiscal years ended June 30, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with HACA's accompanying financial statements.

FINANCIAL HIGHLIGHTS

The assets of HACA exceeded its liabilities by \$18,506,829 and \$20,666,692 at June 30, 2014 and 2013 (*net position*). Of the amount, \$1,500,584 and \$595,209 at June 30, 2014 and June 30, 2013 (*unrestricted net position*) may be used to meet HACA's ongoing obligations to citizens and creditors.

Restricted net position were \$335,269 and \$-0- at June 30, 2014 and 2013.

HACA's enterprise fund reported net position of \$18,506,829 and \$20,666,692 at June 30, 2014 and 2013, a decrease in net position of \$2,159,863 at June 30, 2014. This change is primarily attributable to the impact of prior period adjustments recorded during the current year to address capital asset valuation errors, interfund out of balance correction, and grants receivable at June 30, 2014.

At June 30, 2013 and 2012 respectively, HACA's enterprise fund reported net position of \$20,666,692 and \$21,382,244. This change between years represents a decrease in net position of \$715,552 at 2013, and is primarily attributable to the financial impact of HUD's Capital Fund Program funding levels and changes in operating grants for 2013.

HACA had dwelling rental revenues of \$726,808 and \$663,116 for the years ended June 30, 2014 and 2013. HUD operating, capital grant revenues and other fees were \$6,527,704 and \$6,171,725 and non-operating revenues of \$83,934 and \$93,189, respectively. Total operating expenses for the years ended June 30, 2014 and 2013 were \$6,757,607 and \$7,348,770.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL HIGHLIGHTS, CONTINUED

In summary, operating, capital grants and fees from the Federal government and dwelling rental constitute 98.9% for 2014 and 98.6% for 2013 of HACA's total revenues. Non-operating revenues for the years ended June 30, 2014 and 2013 were 1.1% and 1.4%, respectively of total revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to HACA's basic financial statements. HACA's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. HACA is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

REPORTING ON HACA AS A WHOLE

One of the most important questions asked about HACA's finances, "Is HACA as a whole better off, or worse off, as a result of the achievements of fiscal years 2014 and 2013?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about HACA as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FUND FINANCIAL STATEMENT

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. HACA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. HACA has three federally funded programs that are consolidated into a single enterprise fund. The Capital Fund Program folds into the Low Rent Public Housing Program.

Low Rent Public Housing Program (Project) - HACA's Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable HACA to provide housing at a rent that is based upon 30% of adjusted gross household income of the participant.

Housing Choice Voucher Program (Program) - The Housing Choice Voucher Program assists low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. HACA is paid by HUD to administer the program.

Capital Fund Program (CFP) (Project) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for HACA's physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of HACA's units.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

USING THIS ANNUAL REPORT

HACA's annual report consists of financial statements that show information about HACA's enterprise fund

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements for the year ended June 30, 2014. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON HACA MOST SIGNIFICANT FUND

HACA's financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, HACA may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

HACA's enterprise fund used the following accounting approach:

Proprietary Funds - All of HACA's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS

Condensed Statement of Net Position

The following table represents a condensed Statement of Net Position as of June 30, 2014 and 2013

Condensed Statement of Net Position		
June 30		
<u>Assets</u>		
	<u>2014</u>	<u>2013</u>
Current assets	\$ 2,269,421	\$ 3,598,054
Noncurrent assets	<u>16,670,976</u>	<u>20,071,483</u>
Total assets	<u>18,940,397</u>	<u>23,669,537</u>
<u>Liabilities</u>		
Current liabilities	364,663	2,918,972
Noncurrent liabilities	<u>68,905</u>	<u>77,972</u>
Total liabilities	<u>433,568</u>	<u>2,996,944</u>
Deferred inflow of resources	<u>-0-</u>	<u>5,901</u>
Total deferred inflow of resources	<u>-0-</u>	<u>5,901</u>
<u>Net Position</u>		
Net position		
Investment in capital assets	16,670,976	20,071,483
Restricted	335,269	-0-
Unrestricted	<u>1,500,584</u>	<u>595,209</u>
Total net position	<u>\$18,506,829</u>	<u>\$20,666,692</u>

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS, CONTINUED

Condensed Statements of Revenues, Expenses and Changes in Fund Net Position

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Position for the years ended June 30, 2014 and 2013

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended June 30**

	<u>2014</u>	<u>2013</u>
Revenues		
Operating revenues	\$ <u>6,276,898</u>	\$ <u>6,544,648</u>
Total operating revenues	<u>6,276,898</u>	<u>6,544,648</u>
Expenses		
Operating expenses	<u>6,757,607</u>	<u>7,348,770</u>
Total operating expenses	<u>6,757,607</u>	<u>7,348,770</u>
Operating loss	<u>(408,709)</u>	<u>(804,122)</u>
Non-operating revenues		
Non-operating revenues	<u>83,934</u>	<u>93,189</u>
Total non operating revenues	<u>83,934</u>	<u>93,189</u>
Operating transfers, net	<u>-0-</u>	<u>(1,640)</u>
Capital contributions		
Capital grants	<u>977,614</u>	<u>290,193</u>
Total capital contributions	<u>977,614</u>	<u>290,193</u>
Change in net position	580,839	(422,380)
Beginning net position, as restated	<u>17,925,990</u>	<u>21,089,072</u>
Ending net position	<u>\$18,506,829</u>	<u>\$20,666,692</u>

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS

Overall, net position decreased by 10.5% from 2013 to 2014

That change in 2014 is reflected as the net effect of an increase in capital grants, a decrease in operating expenses by 8% and the cumulative effect of prior period adjustments to correct misstatements of capital assets, interfund out of balance and grants receivable

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2014 decreased by \$412,056 from a combination of larger offsetting factors

Reasons for most of these changes are listed below

- Tenant revenues increased from \$663,226 in 2013 to \$726,808 in 2014, primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments and the level of leased-up
- Operating grants from HUD for the Low Rent Public Housing, Capital Funds (non-capital) and Housing Choice Voucher Programs, increased from \$6,171,725 in 2013 to \$6,527,704 in 2014 due primarily to the level of leased-up in the Voucher Program impacting its earned grant and operating grants from Capital Fund award
- Capital funds for modernization of projects increased from \$290,193 in 2013 to \$977,614 in 2014 as a result of funding availability from HUD
- Non-operating revenues decreased from \$93,189 in 2013 to \$83,934 as a result of fee based activity by the central office

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Overall, net position decreased by 3% from 2012 to 2013

That change in 2013 is reflected as an increase in capital grants receivable which constitutes 58% of total current assets. The increase in grants receivable was due to the timing in reimbursement in capital grants from HUD.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2013 decreased by \$530,770 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$619,500 in 2012 to \$663,116 in 2013, primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments and the level of leased-up.
- Operating grants from HUD for the Low Rent Public, Capital Funds (non-capital) and Housing Choice Voucher and Disaster Programs, decreased from \$6,587,910 in 2012 to \$6,171,725 in 2013 due primarily to the level of leased-up in the Voucher Program impacting its earned grant and operating grants from various Capital Fund awards.
- Capital funds for modernization of projects decreased from \$1,346,605 in 2012 to \$290,193 in 2013 as a result of funding availability from HUD.
- Non-operating revenues decreased from \$176,794 in 2012 to \$93,189 in 2013 as a result of fee based activity by the central office.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Compared to the prior fiscal year, total operating expenses decreased from \$7,348,770 in 2013 to \$6,757,607 for the year ended June 30, 2014

Reasons for most of these changes are listed below

- Decrease in the level of housing assistance payments to landlords from \$3,527,173 in 2013 to \$3,109,903 in 2014
- A decrease in employee compensation and related benefits impacted by the termination of other personnel
- Other changes were in the areas of contractual services, depreciation, repairs and maintenance

Compared to the prior fiscal year, total operating expenses increased from \$6,905,600 in 2012 to \$7,348,770 for the year ended June 30, 2013

Reasons for most of these changes are listed below

- Increase in the level of housing assistance payments to landlords from \$3,521,356 during 2012 to \$3,527,173 in 2013
- A decrease in employee compensation and related benefits impacted by the termination of the previous executive director and other personnel
- Other changes were in the areas of contractual services, utilities, depreciation and supplies

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014 and 2013, HACA had \$16,670,976 and \$20,071,483 invested in a broad range of capital assets, including land, buildings and building improvements, automobiles, furniture and equipment and construction in progress. This amount represents a net decrease (including additions, deductions, depreciation and restatements) of \$3,400,507.

Capital Assets, Net June 30		
	<u>2014</u>	<u>2013</u>
Land and land improvements	\$ 153,290	\$ 2,129,199
Buildings and buildings improvements	47,647,422	38,833,868
Automobiles, furniture and equipment	416,947	257,090
Construction in progress	<u>-0-</u>	<u>2,144,886</u>
	48,217,659	43,365,043
Less accumulated depreciation expense	<u>(31,546,683)</u>	<u>(23,293,560)</u>
Total	<u>\$ 16,670,976</u>	<u>\$ 20,071,483</u>

See Note 4 for additional information.

Debt

HACA long-term obligation at June 30, 2014 was \$68,905 and \$77,972 for 2013.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

HACA is primarily dependent upon HUD for the funding of its operations, therefore HACA is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year ending June 30, 2015 has been approved by HUD.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of HACA's finances and to show HACA's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Executive Director, at Housing Authority of the City of Alexandria, P O Box 8219, Alexandria, LA 71306 telephone number (318) 442-8843.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
STATEMENT OF NET POSITION ENTERPRISE FUND
JUNE 30 2014

ASSETS

Current Assets

Cash and temporary cash investments (NOTE 5)	\$ 1 433 964
Restricted cash (NOTES 5 and 6)	434,576
Amounts receivable, net (NOTE 2)	282 208
Prepaid and other assets (NOTE 3)	94,090
Investment (NOTE 7)	<u>24,583</u>

Total current assets	<u>2,269,421</u>
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Non-current assets

Capital assets, net (NOTES 4 and 12)	<u>16,670,976</u>
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Total non-current assets	<u>16,670,976</u>
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Total assets	<u>18,940,397</u>
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LIABILITIES

Current Liabilities

Amounts and other payables (NOTE 8)	186,522
Accrued liabilities	38 149
Compensated absences payable (NOTE 13)	29,592
Security deposits held for tenants (NOTE 6)	102,037
Unearned revenue (NOTE 18)	<u>8,363</u>

Total current liabilities	<u>364,663</u>
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Non-current liabilities

Compensated absences payable (NOTE 13)	<u>68,905</u>
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Total non-current liabilities	<u>68,905</u>
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Total liabilities	<u>433,568</u>
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NET POSITION

Net Position

Investment in capital assets	16 670,976
Restricted (NOTE 21)	335,269
Unrestricted	<u>1,500,584</u>

Total net position	<u>\$18,506 829</u>
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The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF REVENUES EXPENSES AND CHANGES IN
FUND NET POSITION--ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30 2014

Operating Revenues	
HUD operating grants	\$ 5 166 994
Administrative fees earned	383 096
Dwelling rental	<u>726,808</u>
Total operating revenues	<u>6,276,898</u>
Operating Expenses	
Salaries and employee benefits	1 226 761
Contractual services	313 502
Utilities	186,247
Depreciation	1 242 899
Insurance	147 647
Maintenance materials	147,279
Housing assistance payments	3 109 993
Maintenance and repairs	100 114
Convention and travel	77,565
Telephone	44,342
Bad debt expense	24 822
Payment in lieu of taxes	50,568
Supplies	56 707
Postage and publication	3 660
Membership dues and fees	3 222
Bank charges	907
General	<u>21,372</u>
Total operating expenses	<u>6,757 607</u>
Operating loss	<u>(480,709)</u>
Non operating revenues	
Interest income	1 087
Other	<u>82,847</u>
Total non-operating revenues	<u>83,934</u>
Capital contributions	
HUD capital grants	<u>977,614</u>
Total capital contributions	<u>977 614</u>
Change in net position	<u>580,839</u>
Net position beginning of year as previously reported	20 666 692
Prior period adjustments (NOTE 15)	<u>(2,740,702)</u>
Net position beginning of year as restated	<u>17,925,990</u>
Net position end of year	<u>\$18,506,829</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2014

Cash flows Used by Operating Activities		
Operating grants		\$ 3,941,664
Receipt from tenants		707,658
Other		82,847
Payments to suppliers for goods and services		(1,528,165)
Payments to employees		(1,050,184)
Payments to landlords		<u>(3,109,993)</u>
Net cash used by operating activities		<u>(956,173)</u>
Cash Flows Used by Investing Activities		
Purchase of investment		<u>(797)</u>
Cash used by investing activities		<u>(797)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets		(977,614)
Capital contributions and other		<u>2,511,307</u>
Net cash provided by capital and related financing activities		<u>1,533,693</u>
Net increase in cash and temporary cash investments		576,723
Cash and temporary cash investments, beginning of year		<u>1,291,817</u>
Cash and temporary cash investments, end of year		<u>\$ 1,868,540</u>
NOTE	Cash	\$ 1,433,964
	Restricted	<u>434,576</u>
		<u>\$ 1,868,540</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Reconciliation of Operating Loss to Net Cash Used
by Operating activities

Operating loss	\$ (480,709)
Adjustments to reconcile operating loss to cash used by Operating activities	
Depreciation	1,242,899
Bad debt	24,822
Changes in assets and liabilities	
Decrease in amounts receivable, net	(1,423,481)
Decrease in prepaid and other assets	(71,447)
Decrease in amounts and other payables	(198,456)
Decrease in accrued liabilities	(48,993)
Increase in unearned grant	8,363
Decrease in grant funds	(5,901)
Decrease in compensated absences payable	(12,892)
Increase in security deposits	<u>9,622</u>
Net cash used by operating activities	\$ <u>(956,173)</u>

The accompanying notes are an integral part of the financial statements

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Background and Summary of Significant Accounting Policies

General

The Housing Authority of the City of Alexandria (HACA) is a chartered public corporation under the laws of the State of Louisiana. **HACA's** is governed by a five (5) member Board of Commissioners, all appointed by the City and serve five year staggered terms. The Board of **HACA** exercises all powers granted to **HACA**.

At June 30, 2014, **HACA** was primarily engaged in providing safe and sanitary dwelling accommodations for the residents of the City of Alexandria through the administration of its Low Rent Public Housing, and Housing Choice Voucher Programs to low-income residents in the City of Alexandria.

Under the Low Rent Public Housing Program, **HACA** provides housing to eligible families under leasing arrangements. For the "Housing Choice Voucher" Program, (previously titled Section 8 and Voucher programs) **HACA** provides funds in the form of rental subsidies to owners on behalf of tenants.

Financial Reporting Entity

GASB Statements No. 14 and No. 39 establish the criteria for determining which, if any, component units should be considered part of **HACA** for financial reporting purposes. The basic criterion for including a component unit within the reporting entity is financial accountability, which includes

1. Appointing a majority of an organization's governing body, and,
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued

Financial Reporting Entity, Continued

- 2 Organizations for which the government does not appoint a voting majority but are fiscally dependant on the government
- 3 Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship

Based on the previous criteria, **HACA** has determined that the following component unit should be considered as part of **HACA's** reporting entity

The Alexandria Affordable Housing Corporation (AAHC) is a legally separate entity. This entity has facilitated demolition of **HACA's** rental units and redevelopment of rental units. The AAHC is providing services that benefit **HACA** because these services would be provided by **HACA** in the absence of the AAHC. AAHC is included through blended presentation.

HACA is a related organization of the City of Alexandria, Louisiana since the city appoints a voting majority of **HACA's** governing board. The City is not financially accountable for **HACA** as it cannot impose its will on **HACA** and there is no potential for **HACA** to provide financial benefit to, or impose financial burdens on, the City. Accordingly, **HACA** is not a component unit of the financial reporting entity of the City of Alexandria.

Basis of Presentation

As required by Louisiana State Reporting Law (R S 24:514) and HUD regulations, **HACA's** financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

Specifically, the accounts of **HACA** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HACA's** fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated 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.

Pursuant to GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions), **HACA** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **HACA** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first,
- Revenues and expenses are recognized when all applicable eligibility requirements are met, and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by **HACA** as deferred inflow of resources upon award.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting and Financial Statement of Presentation

HACA adopted the provisions of Government Accounting Standards Board Statement No 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" Statement No 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. It requires the classification of net position into three components: investment in capital assets, restricted, and unrestricted.

The term measurement focus is used to denote what is being measured and reported in **HACA's** operating statement. **HACA's** financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether **HACA** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **HACA's** operating statement. **HACA** used the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Net Position

HACA has implemented GASB Statement No 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflow of Resources, and Net Position* effective fiscal year 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of **HACA's** net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued

Net Position, Continued

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of HACA to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Interprogram Activities

All interprogram transactions, except quasi-external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statement level.

Capital Assets

Capital assets are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued

Capital Assets, Continued

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund

HACA follows the practice of capitalizing all structures and equipment over \$500

Structures and equipment are depreciated in the enterprise fund of HACA using the following estimated useful lives

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	15
Equipment	3-7

Depreciation is computed using the straight-line method

Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At June 30, 2014, it is management's assertion that there are no impairment of capital assets pursuant to GASB Statement No. 42.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued

Compensated Absences

HACA follows the Louisiana State Civil Service policies regarding compensated absences. Under those regulations, employees may accumulate three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employee is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets

HACA prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HACA does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by **HACA's** Board of Commissioners.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and Summary of Significant Accounting Policies, Continued

Statement of Cash Flows

For purposes of the statement of cash flows, HACA considers all highly liquid investments with original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Amounts Receivable, Net

Amounts receivable as of June 30, 2014 consisted of the following

<u>Description</u>	<u>Low Rent Public Housing Program</u>
Tenant accounts receivable	\$ 56,526
Operating grants	228,598
Accrued interest receivable	<u>23</u>
Sub-total	285,147
Less allowance for doubtful accounts	<u>(2,939)</u>
Total	<u>\$282,208</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Prepaid and Other Assets

Prepaid and other assets at June 30, 2014, consisted of the following

<u>Description</u>	<u>Low Rent Public Housing Program</u>	<u>Housing Choice Voucher Program</u>	<u>Total</u>
Prepaid expenses	<u>\$87,828</u>	<u>\$6,262</u>	<u>\$94,090</u>
Total	<u>\$87,828</u>	<u>\$6,262</u>	<u>\$94,090</u>

NOTE 4 - Capital Assets, Net

At June 30, 2014, capital assets, net consisted of the following

<u>Description</u>	<u>As Previously Reported July 1, 2013</u>	<u>Addition</u>	<u>Adjustments</u>	<u>June 30, 2014</u>
Land and land improvements	\$ 2 129 199	\$ 0	\$(1,975 909)	\$ 153,290
Building and building improvements	38 833 868	817 757	7 995 797	47 647 422
Automobile, furniture and equipment	257,090	159 857	0	416 947
Construction in progress	<u>2,144,886</u>	<u>0</u>	<u>(2,144,886)</u>	<u>0</u>
Sub-total	43 365 043	977 614	3 875 002	48 217 659
Less accumulated depreciation	<u>(23,293,560)</u>	<u>(1,242,899)</u>	<u>(7,010,224)</u>	<u>(31,546,683)</u>
Total	<u>\$ 20,071,483</u>	<u>\$ (265,285)</u>	<u>\$(3,135,222)</u>	<u>\$ 16,670,976</u>

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 5 - Cash and Temporary Cash Investment

At June 30, 2014, the carrying amount of HACA's deposits was \$1,868,540 (\$1,433,964 in unrestricted and \$434,576 in restricted) and the bank balance was \$2,030,741. Of this amount \$250,000 was covered by federal depository insurance and the balance of \$1,823,833 collateralized by a pledge of securities in the joint name of HACA and the financial institution.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, HACA's deposits may not be returned to it. HACA has no deposit policy for custodial risk, however, none of HACA's bank balances were exposed to custodial risk.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits in banks of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

On and at various times during the year ended June 30, 2014, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 5 - Cash and Temporary Cash Investment, Continued

At June 30, 2014, cash and temporary cash investment consisted of the following

<u>Description</u>	<u>Central Business Activities Program</u>	<u>Office Cost Center</u>	<u>Total</u>	<u>Interest Rate at Maturity</u>	<u>Maturity</u>
Demand deposits	<u>\$121,680</u>	<u>\$1,312,284</u>	<u>\$1,433,964</u>	Varying Rate	N/A
Total	<u>\$121,680</u>	<u>\$1,312,284</u>	<u>\$1,433,964</u>		

NOTE 6 - Restricted Cash.

At June 30, 2014, restricted cash consisted of \$102,037 in security deposits received and held on behalf of tenants and \$332,539 for use in future housing assistance payments. These deposits are stated at cost, which approximates market.

The total restricted cash of \$434,576 represents the carrying amount and bank balance at June 30, 2014. Further, the amount is collateralized as previously described in NOTE 5.

NOTE 7 - Investment

At June 30, 2014, investment consisted of the following

<u>Description</u>	<u>Carrying Value</u>	<u>Fair Market Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Certificate of deposit	\$10,575	\$10,575	10%	7/22/18
Certificate of deposit	7,004	7,004	10%	7/22/18
Certificate of deposit	<u>7,004</u>	<u>7,004</u>	10%	7/22/18
	<u>\$24,583</u>	<u>\$24,583</u>		

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Amounts and Other Payables

Amounts and other payables at June 30, 2014, consisted of the following

<u>Description</u>	<u>LOW RENT PUBLIC HOUSING PROGRAM</u>			<u>Housing</u>	<u>Total</u>
	<u>Asset</u> <u>Management</u> <u>Project</u>	<u>Central</u> <u>Office</u> <u>Cost Center</u>	<u>Business</u> <u>Activity</u>	<u>Choice</u> <u>Voucher</u> <u>Program</u>	
Accounts payable - HUD	\$ -0-	\$ -0-	\$ -0-	\$49,059	\$ 49,059
Accounts payable-vendors	25,462	52,400	71	-0-	77,933
Accounts payable-others	<u>45,989</u>	<u>4,227</u>	<u>5,990</u>	<u>3,324</u>	<u>59,530</u>
Total	<u>\$71,451</u>	<u>\$56,627</u>	<u>\$6,061</u>	<u>\$52,383</u>	<u>\$186,522</u>

NOTE 9 - Risk Management

HACA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, for which HACA carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 10 - Concentration of Credit Risk

HACA receives primarily all of its revenues from dwelling rental and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rental and HUD falls below contract levels, HACA's operating results could be adversely affected.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - Contingencies

HACA is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to HACA. These examinations may result in required refunds by HACA to the agencies and/or program beneficiaries.

NOTE 12 - Commitments

At June 30, 2014, HACA has executed agreements with HUD for various modernization, acquisitions and management improvement projects.

NOTE 13 - Compensated Absences Payable

Compensated absences payable at June 30, 2014 of \$98,497 represents unpaid accrued vacation earned by employees.

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Beginning balance	\$ 33,417	\$77,972	\$111,389
Net change	<u>(3,825)</u>	<u>(9,067)</u>	<u>(12,892)</u>
	<u>\$ 29,592</u>	<u>\$ 68,905</u>	<u>\$ 98,497</u>

Of the total noncurrent liabilities at June 30, 2014, \$-0- is due within one year of June 30, 2014.

NOTE 14 - Per Diem to Board Members

During the year ended June 30, 2014, no board member received per diem in his or her capacity as a commissioner.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 15 - Restatement of Beginning Net Position

Net position at the beginning of the year has been restated to properly account for the effect of transactions resulting from capital assets restatement, interfund out of balance and equity transfers through the recordation of prior period adjustments

A summary of the adjustments follow

Net effect of adjustments to restate and reclass capital assets and accumulated depreciation (see NOTE 4)	\$ (3,135,222)
Net effect of adjustments to correct interfund out of balance, grants receivable and equity transfers	<u>5,875,924</u>
	<u>\$ 2,740,702</u>

NOTE 16 - Retirement Plan

HACA has two (2) retirement plans a 401(k) plan which is not active and a 457 retirement plan that is active HACA's contribution to the plan is discretionary and determined by the Board of Commissioners

Plan Funding

Funding for the Plan is through a discretionary contribution by HACA
Eligibility is based on full-time employment

HACA gross payroll for participating employees for the year ended June 30, 2014 was \$723,243 HACA employee contributions made for the year ended June 30, 2014 was \$27,672

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 18 - Unearned Revenue

At June 30, 2014 unearned revenue represent rents paid in advanced to **HACA** by tenants participating in the Low Rent Public Housing Program

NOTE 19 - Operating Loss

For the year ended June 30, 2014, **HACA** incurred an operating loss in its Central Office Cost Center in the amount of \$9,752

In addition, the cumulative operating loss for the Housing Choice Voucher Program was reduced by a net change in revenue of \$259,576 thereby reducing the net position from a deficit of \$(709,783) at June 30, 2013 to \$(374,574) at June 30, 2014. Management continues to function under a plan of cost containment coupled with revenue enhancement strategies

NOTE 20 - HUD Onsite Review

During the year ended June 30, 2013 HUD performed an onsite review which resulted in a report issued on February 24, 2014. HUD in the referenced report requested from **HACA**, the repayment of funds reported in its Financial Data Schedule as a loan to another program

Management is currently researching and negotiating with HUD for resolution. See HUD finding reference number HUD 2014-05 for additional discussion

NOTE 21 - Restricted Net Position

At June 30, 2014, restricted net position of \$335,269 represent funds reserved for payment of future housing assistance on behalf of eligible program participants

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon Jr. CPA
Waldo J. Morel Jr. CPA
Paul K. Andoh Sr. CPA
Joseph A. Akanji CPA

(Retired)
Michael B. Bruno CPA (2011)

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

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

**Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

Our report on our audit of the financial statements of **Housing Authority of the City of Alexandria (HACA)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Schedule I is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedule I 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 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, Schedule I is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

Other Information

The accompanying supplementary information (Schedules II, and III) which is required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 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, Schedules II, and III are fairly stated in all material respects in the relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2014

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET POSITION -ENTERPRISE FUND
JUNE 30, 2014**

	<u>Total Projects</u>	<u>Total Program</u>	<u>Total (Memorandum) Only</u>
Current Assets			
Cash and temporary cash investments	\$1,433,964	\$ -0-	\$1,433,964
Restricted cash	102,037	332,539	434,576
Amounts receivable - net	282,208	-0-	282,208
Prepaid and other assets	87,828	6 262	94,090
Due from other funds	2,766,252	-0-	2,766,252
Investment	<u>24,583</u>	<u>-0-</u>	<u>24,583</u>
Total current assets	<u>4,696,872</u>	<u>338,801</u>	<u>5,035,673</u>
Non-current Assets			
Capital assets, net	<u>16,670,976</u>	<u>0-</u>	<u>16,670,976</u>
Total non-current assets	<u>16,670,976</u>	<u>-0-</u>	<u>16,670,976</u>
Total assets	<u>21,367,848</u>	<u>338,801</u>	<u>21,706,649</u>

See Independent Auditors' Report on Supplementary Information

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF NET POSITION--ENTERPRISE FUND, CONTINUED
JUNE 30, 2014**

	<u>Total Projects</u>	<u>Total Program</u>	<u>Total (Memorandum) Only</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 134,139	\$ 52,383	\$ 186,522
Due to other funds	2,118,406	647,846	2,766,252
Accrued compensated absence	25,666	3,926	29,592
Accrued liabilities	38,149	-0-	38,149
Tenant securities	102,037	-0-	102,037
Unearned revenue	<u>8,363</u>	<u>-0-</u>	<u>8,363</u>
Total current liabilities	<u>2,426,760</u>	<u>704,155</u>	<u>3,130,915</u>
Non-current Liabilities			
Accrued compensated absence	<u>59,745</u>	<u>9,160</u>	<u>68,905</u>
Total non-current liabilities	<u>59,745</u>	<u>9,160</u>	<u>68,905</u>
Total liabilities	<u>2,486,505</u>	<u>713,315</u>	<u>3,199,820</u>
Net position			
Investment in capital assets	16,670,976	-0-	16,670,976
Restricted net position	0-	335,269	335,269
Unrestricted net position	<u>2,210,367</u>	<u>(709,783)</u>	<u>1,500,584</u>
Total net position	<u>\$18,881,343</u>	<u>\$(374,514)</u>	<u>\$18,506,829</u>

See Independent Auditors' Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET POSITION-ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Total Projects</u>	<u>Total Program</u>	<u>Total (Memorandum) Only</u>
Operating Revenue			
Dwelling rental	\$ 726,808	\$ -0-	\$ 726,808
HUD operating grants	1,977,705	3,189,289	5,166,994
Administrative and other fees earned	<u>-0-</u>	<u>383,096</u>	<u>383,096</u>
Total operating revenues	<u>2,704,513</u>	<u>3,572,385</u>	<u>6,276,898</u>
Operating Expenses			
Salaries and employee benefits	1,036,981	189,780	1,226,761
Contractual services	307,049	6,453	313,502
Utilities	183,940	2,307	186,247
Depreciation	1,242,899	-0-	1,242,899
Insurance	144,205	3,442	147,647
Maintenance materials	146,394	885	147,279
Housing assistance payments	-0-	3,109,993	3,109,993
Maintenance/repairs	100,114	-0-	100,114
Convention and travel	77,565	-0-	77,565
Telephone	43,158	1,184	44,342
Bad debt expense	24,822	0-	24,822
Payment in lieu of taxes	50,568	-0-	50,568
Supplies	48,718	7,989	56,707
Postage	312	-0-	312
Publication	2,203	1,145	3,348
Membership dues and fees	2,647	575	3,222
Bank charges	802	105	907
General	<u>21,372</u>	<u>-0-</u>	<u>21,372</u>
Total operating expenses	<u>3,433,749</u>	<u>3,323,858</u>	<u>6,757,607</u>

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**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA**
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET POSITION-ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Total Projects</u>	<u>Total Program</u>	<u>Total (Memorandum) Only</u>
Operating income (loss)	\$ <u>(729,236)</u>	\$ <u>248,527</u>	\$ <u>(480,709)</u>
Non-operating revenues			
Interest income	955	132	1,087
Other income	<u>71,930</u>	<u>10,917</u>	<u>82,847</u>
Total non-operating revenues	<u>72,885</u>	<u>11,049</u>	<u>83,934</u>
Capital contributions			
HUD capital grants	<u>977,614</u>	<u>-0-</u>	<u>977,614</u>
Total capital contributions	<u>977,614</u>	<u>-0-</u>	<u>977,614</u>
Change in net position	<u>321,263</u>	<u>259,576</u>	<u>580,839</u>
Net position, beginning of year as restated	<u>18,560,080</u>	<u>(634,090)</u>	<u>17,925,990</u>
Net position, end of year	<u>\$18,881,343</u>	<u>\$(374,514)</u>	<u>\$18,506,829</u>

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET POSITION PROJECT PROGRAMS
FOR THE YEAR ENDED JUNE 30 2014

	<u>Combined</u>	<u>Eliminations</u>	<u>Total Combined (Memorandum Only)</u>
Operating Revenue			
Dwelling rental	\$ 726 808	\$ 0	\$ 726,808
HUD operating grants	1,977,705	0	1 977 705
Fees	<u>338,630</u>	<u>(338,630)</u>	<u>-0-</u>
Total operating revenues	<u>3,043,143</u>	<u>(338,630)</u>	<u>2,704,513</u>
Operating Expenses			
Salaries and employee benefits	1,036 981	-0	1,036 981
Contractual Services	645 679	(338 630)	307 049
Utilities	183 940	-0	183 940
Depreciation	1 242 899	-0	1,242 899
Insurance	144,205	0	144,205
Maintenance materials	146,394	0	146,394
Housing assistance payments	0-	0	0
Maintenance/repairs	100 114	0	100,114
Convention and travel	77,565	-0	77,565
Telephone	43,158	0-	43,158
Bad debt expense	24 822	0	24,822
Payment in lieu of taxes	50 568	0	50 568
Supplies	48,718	0	48 718
Postage	312	0-	312
Publication	2,203	0	2,203
Membership dues and fees	2,647	0	2,647
Bank charges	802	0	802
General	<u>21,372</u>	<u>0</u>	<u>21,372</u>
Total assets	<u>3,772,379</u>	<u>(338,630)</u>	<u>3,433,749</u>

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
FUND NET POSITION PROJECT PROGRAMS CONTINUED
FOR THE YEAR ENDED JUNE 30 2014

	<u>Combined</u>	<u>Eliminations</u>	<u>Total (Memorandum Only)</u>
Operating Loss	\$ <u>(729,236)</u>	\$ <u>0</u>	\$ <u>(729,236)</u>
Non-operating revenues			
Interest income	955	0	955
Other income	<u>71,930</u>	<u>-0</u>	<u>71,930</u>
Total non-operating revenues	<u>72,885</u>	<u>-0</u>	<u>72,885</u>
Operating transfers in (out)	<u>0</u>	<u>-0</u>	<u>-0-</u>
Capital contributions			
HUD capital grants	<u>977,614</u>	<u>0</u>	<u>977,614</u>
Total capital contributions	<u>977,614</u>	<u>0</u>	<u>977,614</u>
Change in net position	321,263	0	321,263
Net position beginning or year, as restated	<u>18,560,080</u>	<u>0</u>	<u>18,560,080</u>
Net position (deficit) end of year	<u>\$18,881,343</u>	<u>\$ 0</u>	<u>\$18,881,343</u>

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SCHEDULE I

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
ALEXANDRIA, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Program funded by the U S Department of Housing and Urban Development (HUD)		
<u>Subject to Annual Contributions Contracts</u>		
Low Rent Public Housing Program	14 850a	\$ 1 977 705
Capital Fund Program	14 872	3,572,385
Housing Choice Voucher Program	14 871	<u>1,208,632</u>
Total		<u>\$ 6,758,722</u>

NOTE Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HACA and is presented on an accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING BALANCE SHEET
JUNE 30 2014

		<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
111	Cash - Unrestricted	\$ 0-	\$1 312,284	\$121 680	\$1 433,964	\$ -0-	\$1 433,964
113	Cash - Other restricted	-0-	-0-	-0	-0-	332,539	332 539
114	Cash - Tenant Security Deposit	<u>0-</u>	<u>99,637</u>	<u>2,400</u>	<u>102,037</u>	<u>-0-</u>	<u>102,037</u>
100	Total cash	<u>-0-</u>	<u>1,411,921</u>	<u>124,080</u>	<u>1,536,001</u>	<u>332,539</u>	<u>1,868,540</u>
122	Accounts receivable - HUD other projects	228 598	-0-	0-	228 598	-0-	228,598
126	Accounts receivable - tenants	46 039	- 0-	10 487	56,526	-0-	56,526
126 1	Allowance for doubtful accounts-tenants	(2,939)	-0-	0-	(2 939)	-0-	(2 939)
129	Accrued interest receivable	<u>23</u>	<u>0-</u>	<u>-0</u>	<u>23</u>	<u>-0-</u>	<u>23</u>
120	Total receivables, net of allowances for doubtful accounts	<u>271,721</u>	<u>-0-</u>	<u>10,487</u>	<u>282,208</u>	<u>-0-</u>	<u>282,208</u>
131	Investments - unrestricted	24,583	-0-	-0-	24,583	-0-	24,583
142	Prepaid expenses and other assets	81 537	4 582	1 709	87,828	6,262	94 090
144	Inter program-due from	<u>1,542,981</u>	<u>816,021</u>	<u>407,250</u>	<u>2,766,252</u>	<u>-0-</u>	<u>2,766,252</u>
150	Total current assets	<u>1,920,822</u>	<u>2,232,524</u>	<u>543,526</u>	<u>4,696,872</u>	<u>338,801</u>	<u>5,035,673</u>

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING BALANCE SHEET CONTINUED
JUNE 30, 2014

		<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
161	Land	\$ 122,700	\$ -0-	\$ 30,590	\$ 153,290	\$ -0	\$ 153,290
162	Buildings	47,367,962	-0-	279,460	47,647,422	-0	47,647,422
164	Furniture, equipment & machinery administration	266,875	96,871	0-	363,746	53,201	416,947
166	Accumulated depreciation	(31,195,571)	(96,841)	(201,070)	(31,493,482)	(53,201)	(31,546,683)
160	Total capital assets net of accumulated depreciation	<u>16,561,966</u>	<u>-30</u>	<u>108,980</u>	<u>16,670,976</u>	<u>-0-</u>	<u>16,670,976</u>
180	Total non-current assets	<u>16,561,966</u>	<u>-30</u>	<u>108,980</u>	<u>16,670,976</u>	<u>-0-</u>	<u>16,670,976</u>
190	Total assets	<u>\$ 18,482,788</u>	<u>\$ 2,232,554</u>	<u>\$ 652,506</u>	<u>\$ 21,367,848</u>	<u>\$ 338,801</u>	<u>\$ 21,706,649</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING BALANCE SHEET, CONTINUED
JUNE 30, 2014

		<u>Asset Management</u>	<u>Central Office</u>		<u>Total Projects</u>	<u>Total Program</u>	<u>Total</u>
		<u>Projects</u>	<u>Cost Center</u>	<u>Business Activities</u>			<u>Memorandum Only</u>
312	Accounts payable <= 90 days	\$ 25 462	\$ 52 400	\$ 71	\$ 77,933	\$ -0-	\$ 77,933
321	Accrued wage/payroll taxes payable	1 532	36,617	-0-	38,149	-0-	38,149
322	Accrued compensated absences-current portion	19 221	6 445	-0-	25,666	3 926	29 592
331	Accounts payable - HUD PHA programs	-0-	0-	-0	-0-	49,059	49 059
333	Accounts payable - other government	45 989	4 227	5,990	56,206	3,324	59,530
341	Tenant security deposits	99,637	-0-	2,400	102,037	0-	102,037
342	Unearned revenue	7,645	-0-	718	8,363	-0-	8,363
347	Inter program - due to	<u>102,919</u>	<u>1,919,028</u>	<u>96,459</u>	<u>2,118,406</u>	<u>647,846</u>	<u>2,766,252</u>
310	Total current liabilities	<u>302,405</u>	<u>2,018,717</u>	<u>105,638</u>	<u>2,426,760</u>	<u>704,155</u>	<u>3,130,915</u>
354	Accrued compensated absences- non current	<u>44,706</u>	<u>15,039</u>	<u>-0-</u>	<u>59,745</u>	<u>9,160</u>	<u>68,905</u>
350	Total non current liabilities	<u>44,706</u>	<u>15,039</u>	<u>-0-</u>	<u>59,745</u>	<u>9,160</u>	<u>68,905</u>
300	Total liabilities	<u>347,111</u>	<u>2,033,756</u>	<u>105,638</u>	<u>2,486,505</u>	<u>713,315</u>	<u>3,199,820</u>

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING BALANCE SHEET, CONTINUED
JUNE 30, 2014

	<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
508 4 Investment in capital assets	\$16,561,966	\$ 30	\$108 980	\$16 670 976	\$ -0-	\$16,670 976
511 4 Restricted net position	-0-	-0	-0-	-0-	335 269	335 269
512 4 Unrestricted net position	<u>1,573,711</u>	<u>198,768</u>	<u>437,888</u>	<u>2,210,367</u>	<u>(709,783)</u>	<u>1,500,584</u>
513 Total equity - net position	<u>18,135,677</u>	<u>198,798</u>	<u>546,868</u>	<u>18,881,343</u>	<u>(374,514)</u>	<u>18,506,829</u>
600 Total liabilities and net position	<u>\$18,482,788</u>	<u>\$2,232,554</u>	<u>\$ 652,506</u>	<u>\$21,367,848</u>	<u>\$ 338,801</u>	<u>\$21,706,649</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

		<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
70300	Net tenant rental revenue	\$ 609 603	\$ 0	\$ 58 293	\$ 667 896	\$ 0	\$ 667 896
70400	Tenant revenue - other	<u>56,763</u>	<u>0</u>	<u>2,149</u>	<u>58,912</u>	<u>0</u>	<u>58,912</u>
70500	Total tenant revenue	<u>666,366</u>	<u>-0-</u>	<u>60,442</u>	<u>726,808</u>	<u>0</u>	<u>726,808</u>
70600 10	Housing Assistance Payments	-0-	-0	0-	-0-	3 189,289	3,189,289
70600 20	Ongoing administrative fees earned	<u>-0-</u>	<u>0-</u>	<u>0</u>	<u>0</u>	<u>383,096</u>	<u>383,096</u>
70600	HUD PHA operating grants	<u>1,977,705</u>	<u>-0-</u>	<u>-0-</u>	<u>1,977,705</u>	<u>3,572,385</u>	<u>5,550,090</u>
70610	Capital grants	977 614	0-	0	977,614	0-	977,614
70710	Management fee	-0	262 695	0	262 695	0-	262 695
70720	Asset management fee	0	37 910	-0	37 910	-0	37 910
70730	Bookkeeping fees	<u>0-</u>	<u>38,025</u>	<u>0-</u>	<u>38,025</u>	<u>0</u>	<u>38,025</u>
70700	Total fee revenue	<u>3,621,685</u>	<u>338,630</u>	<u>60,442</u>	<u>4,020,757</u>	<u>3,572,385</u>	<u>7,593,142</u>
71100	Investment income -unrestricted	72	838	45	955	132	1,087
71400	Fraud recovery	241	0	0-	241	10 739	10,980
71500	Other revenue	67 605	968	94	68 667	178	68 845
71600	Gain on loss on sale of capital assets	<u>0</u>	<u>3,022</u>	<u>0</u>	<u>3,022</u>	<u>0</u>	<u>3,022</u>
70000	Total revenue	<u>3,689,603</u>	<u>343,458</u>	<u>60,581</u>	<u>4,093,642</u>	<u>3,583,434</u>	<u>7,677,076</u>

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
91100 Administrative salaries	\$ 391,527	\$ 191,250	\$ 4,062	\$ 586,839	\$165,310	\$ 752,149
91200 Auditing fees	31,704	5,248	115	37,067	2,175	39,242
91300 Management fee	262,695	-0-	-0-	262,695	-0-	262,695
91310 Bookkeeping fee	38,025	0-	0	38,025	0-	38,025
91500 Employee benefit contributions administrative	45,992	38,610	73	84,675	20,279	104,954
91600 Other expenses	235,546	25,705	-0-	261,251	13,721	274,972
91700 Legal expense	27,113	7,976	1,115	36,204	225	36,429
91800 Travel	14,449	638	0-	15,087	0-	15,087
91900 Other	<u>20,529</u>	<u>14,347</u>	<u>0</u>	<u>34,876</u>	<u>-0</u>	<u>34,876</u>
91000 Total operating - administrative	<u>1,067,580</u>	<u>283,774</u>	<u>5,365</u>	<u>1,356,719</u>	<u>201,710</u>	<u>1,558,429</u>
92000 Asset management fee	37,910	-0	-0-	37,910	-0	37,910
92400 Tenant services other	<u>0-</u>	<u>843</u>	<u>0</u>	<u>843</u>	<u>0-</u>	<u>843</u>
92500 Total tenant services	<u>37,910</u>	<u>843</u>	<u>-0-</u>	<u>38,753</u>	<u>-0</u>	<u>38,753</u>
93100 Water	137,230	1,600	0	138,830	0	138,830
93200 Electricity	24,990	12,154	0-	37,144	1,971	39,115
93300 Gas	<u>3,371</u>	<u>4,595</u>	<u>0-</u>	<u>7,966</u>	<u>336</u>	<u>8,302</u>
93000 Total utilities	<u>165,591</u>	<u>18,349</u>	<u>0-</u>	<u>183,940</u>	<u>2,307</u>	<u>186,247</u>

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING INCOME STATEMENT CONTINUED
FOR THE YEAR ENDED JUNE 30 2014

		<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
94100	Ordinary maintenance and operations-labor	\$ 298 035	\$ -0	\$ 0-	\$ 298,035	\$ -0	\$ 298 035
94200	Ordinary maintenance and operations materials	130 720	14 165	1 509	146 394	885	147 279
94300 010	Ordinary maintenance and operations garbage and trash removal contracts	27 746	746	0	28,492	0	28 492
94300 020	Ordinary maintenance and operations heating and cooling	20 450	3 103	1 287	24 840	0	24 840
94300-070	Ordinary maintenance and operations electrical contracts	4 585	1,591	0-	6 176	0	6 176
94300 080	Ordinary maintenance and operations plumbing	36 276	191	3 198	39 665	0-	39 665
94300 090	Ordinary maintenance and operations extermination contracts	19 200	75	50	19 325	-0	19,325
94300 120	Ordinary maintenance and operations- miscellaneous contracts	97 197	-0-	2 917	100 114	1 330	101 444
94500	Employee benefit contributions- ordinary maintenance	<u>36,022</u>	<u>-0-</u>	<u>0-</u>	<u>36,022</u>	<u>0</u>	<u>36,022</u>
94000	Total maintenance	<u>670,231</u>	<u>19,871</u>	<u>8,961</u>	<u>699,063</u>	<u>2,215</u>	<u>701,278</u>
96110	Property insurance	49 939	-0	-0-	49 939	-0	49 939
96120	Liability insurance	64 459	1 748	4,282	70 489	1 423	71 912
96130	Workmen s compensation	10 932	3,265	56	14 253	2 795	17 048
96140	All other insurance	<u>832</u>	<u>20,577</u>	<u>2,369</u>	<u>23,778</u>	<u>2,019</u>	<u>25,797</u>
96100	Total insurance premiums	<u>126,162</u>	<u>25,590</u>	<u>6,707</u>	<u>158,459</u>	<u>6,237</u>	<u>164,696</u>

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE- COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

		<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
96300	Payments in lieu of taxes	\$ 44,578	\$ 0-	\$ 5,990	\$ 50,568	\$ 0-	\$ 50,568
96400	Bad debt - tenant rents	24,822	-0-	-0-	24,822	-0-	24,822
96800	Severance expense	<u>14,778</u>	<u>2,189</u>	<u>189</u>	<u>17,156</u>	<u>1,396</u>	<u>18,552</u>
96000	Total other general expenses	<u>84,178</u>	<u>2,189</u>	<u>6,179</u>	<u>92,546</u>	<u>1,396</u>	<u>93,942</u>
96900	Total operating expenses	<u>2,151,652</u>	<u>350,616</u>	<u>27,212</u>	<u>2,529,480</u>	<u>213,865</u>	<u>2,743,345</u>
97000	Excess (deficit) of operating revenue over expenses	<u>1,537,951</u>	<u>(7,158)</u>	<u>33,369</u>	<u>1,564,162</u>	<u>3,369,569</u>	<u>4,933,731</u>
97300	Housing assistance payments	-0-	-0-	-0-	-0-	3,109,993	3,109,993
97400	Depreciation expense	<u>1,233,146</u>	<u>2,594</u>	<u>7,159</u>	<u>1,242,899</u>	<u>-0-</u>	<u>1,242,899</u>
90000	Total expenses	<u>3,384,798</u>	<u>353,210</u>	<u>34,371</u>	<u>3,772,379</u>	<u>3,323,858</u>	<u>7,096,237</u>

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING INCOME STATEMENT CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
10010 Operating transfer in	\$ 231 018	\$ -0	\$ 0	\$ 231 018	\$ -0	\$ 231 018
10020 Operating transfer out	<u>(231,018)</u>	<u>-0</u>	<u>0-</u>	<u>(231,018)</u>	<u>-0</u>	<u>(231,018)</u>
10010 Total other financing sources (uses)	<u>-0-</u>	<u>0-</u>	<u>-0-</u>	<u>0</u>	<u>-0-</u>	<u>0</u>
10000 Excess (deficiency) of total revenue over (under) expenses	<u>\$ 304,805</u>	<u>\$(9,752)</u>	<u>\$26,210</u>	<u>\$ 321,263</u>	<u>\$259,576</u>	<u>\$ 580,839</u>

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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30 2014

	<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
11030 Beginning equity	\$21,152,612	\$(364,770)	\$512,940	\$21,300,782	\$(634,090)	\$20,666,692
11040 Prior period adjustments, equity transfers correction	<u>(3,321,740)</u>	<u>573,320</u>	<u>7,718</u>	<u>(2,740,702)</u>	<u>0-</u>	<u>(2,749,702)</u>
Beginning equity/net position as adjusted	<u>\$17,830,872</u>	<u>\$ 208,550</u>	<u>\$520,658</u>	<u>\$18,560,080</u>	<u>\$(634,090)</u>	<u>\$17,925,990</u>
11170 Administrative fee equity	<u>\$ 0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 0-</u>	<u>\$(709,783)</u>	<u>\$ (709,783)</u>
11180 Housing assistance payments equity	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 335,269</u>	<u>\$ 335,269</u>
11190 Unit Months available	<u>6,912</u>	<u>-0-</u>	<u>132</u>	<u>7,044</u>	<u>13,368</u>	<u>20,412</u>

See Independent Auditors Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE - COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Asset Management Projects</u>	<u>Central Office Cost Center</u>	<u>Business Activities</u>	<u>Total Projects</u>	<u>Total Program</u>	<u>Total Memorandum Only</u>
11210 Number of unit months leased	<u>5,069</u>	<u>N/A</u>	<u>132</u>	<u>5,201</u>	<u>8,380</u>	<u>13,581</u>
11270 Excess cash	<u>\$1,401,214</u>	<u>N/A</u>	<u>N/A</u>	<u>\$1,401,214</u>	<u>N/A</u>	<u>N/A</u>
11620 Building purchases	<u>\$ 817,759</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 817,759</u>	<u>N/A</u>	<u>N/A</u>
11630 Furniture & equipment dwelling purchases	<u>\$ 159,857</u>	<u>N/A</u>	<u>N/A</u>	<u>\$159,857</u>	<u>N/A</u>	<u>N/A</u>

See Independent Auditors Report on Supplementary Information

**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 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 of America, the financial statements of the enterprise fund of **Housing Authority of the City of Alexandria (HACA)** as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise **HACA's** basic financial statements, and have issued our report thereon dated December 31, 2014

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **HACA's** internal control over financial reporting 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 **HACA's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **HACA's** internal control over financial reporting

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
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Summary Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control over financial reporting 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 significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness over financial reporting is a deficiency or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of HACA's financial statements will not be prevented, or detected and corrected in a timely basis. We consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2014-01 to be a material weakness.

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*
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HACA's financial statements are free from 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2014-02.

HACA's Response to Findings

HACA's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". HACA's response was not subjected to the auditing procedures applicable in the audit of the financial statements and, accordingly, we express no opinion on it.

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
(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of HACA's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HACA's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2014



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J Tervalon Jr CPA
Waldo J Moret Jr CPA
Paul K Andoh Sr CPA
Joseph A Akanji CPA

(Retired)
Michael B Bruno CPA (2011)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We audited **Housing Authority of the City of Alexandria (HACA)** compliance with the types of compliance requirements described in the *U S Office of Management and Budget (OMB) Circular A -133 Compliance Supplement* that could have a direct and material effect on each of **HACA's** major federal programs for the year ended June 30, 2014. **HACA's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary 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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of HACA's major federal programs based on our audit of the types of compliance requirements previously described. 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 of America, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HACA'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 each major federal program. However, our audit does not provide a legal determination of HACA's compliance.

Opinion on Each Major Federal Program

In our opinion, HACA's complied, in all material respects, with the types of compliance requirements previously referred to that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2014-03 through 2014-08, 2014-10 and 2014-11. Our opinion on each major federal program is not modified with respect to these matters.

HACA's Response to Findings

HACA's response to the noncompliance findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status".

HACA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these response.

Report on Internal Control Over Compliance

Management of HACA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements previously discussed. In planning and performing our audit of compliance, we considered HACA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 HACA's internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

Report on Internal Control Over Compliance, Continued

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in HACA's internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the following paragraph, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 significant deficiency in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2014-09 to be a material weakness, as defined above.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

HACA's Response to Finding

HACA's response to the internal control over compliance finding identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". HACA's response was not subject to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Purpose of this Report

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 that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2014

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued **Unmodified**

Internal control over financial reporting

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **No**

Non-compliance material to financial statements noted? **No**

Federal Awards

Internal Control over major programs

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **No**

Type of auditors' report issued on compliance for major programs **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **Yes**

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditors' Results, Continued

Identification of major programs

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14 850	Low Rent Public Housing Program
14 871	Housing Choice Voucher Program

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee?	No
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HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2014-01

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts laws and regulations

Condition

Our testing of fifty (50) cash receipts, disbursements and journal transactions for the month of December 2013 (month judgementally selected for testing) revealed the following conditions

- o In two (2) instances, the supporting documentation provided to evidence journal entries posted were inadequate to facilitate an independent review of the completeness in posted adjustments. Further, we noted, no evidence of review and/or approval beyond the level of the preparer
- o Our review of the December 2013 bank account reconciliation revealed the lack of supporting documents to support an item listed as outstanding in the amount of \$2,870.86. Further, we noted no evidence of any supervisory review beyond that of the preparer of the bank account reconciliation

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2014-01

Condition, Continued

- o The "VMS" report submitted for the month of December 2013 (compared to reported total HAP, restricted and unrestricted net position) varied from the amounts reflected in the HAP register and general ledger respectively
- o For the Low Rent Public Housing Program, we noted two (2) instances where invoices were not cancelled to prevent further use
- o Management continues to work towards resolution of the challenges impacting its ability to provide the board with complete monthly financial statements (balance sheet, cashflow, etc) Currently, the board receives monthly income and expense statements

Questioned Costs

None

Context

Total federal awards expended for the year ended June 30, 2014 were \$6,758,722

Effect or Potential Effect

Noncompliance with board policy and HUD regulations

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2014-01

Cause

Transitional challenges faced by HACA in the accumulation of adequate financial records

Recommendation

We recommend that management continue to work on factors impacting its ability to submit balance sheets and projected cash flow reports to the Board

Management's Response and Planned Corrective Action

HACA has implemented a second level review process for journal entries and bank reconciliations. HACA has received a final NRA balance from QAD which will allow VMS to reconcile fully with HACA's registers and ledgers. HACA can now provide full financial statements for governance and management.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2014-02

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

Louisiana Revised Statute 24 513 requires the submission of audited financial statements within six (6) months of year end

Condition

The audited financial statements as of and for the year ended June 30, 2014 were not published by December 31, 2014 (statutory due date)

Questioned Costs

None

Context

Federal awards expended for the year ended June 30, 2014 were \$6,758,722

Effect or Potential Effect

Noncompliance with the statutory due date requirement of Louisiana Audit Law

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2014-02

Cause

Work effort towards the resolution of issues associated with capital assets

Recommendation

As HACA continues to restructure the financial section of its operations, the resulting change will ensure timely, complete and accurate financial information reporting

Management's Response and Planned Corrective Action

Management has made significant strides in the restructure of its financial and program operations during the year ended June 30, 2014. It is anticipated that in the coming years HACA will reap the benefits of the implemented changes.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs

Reference Number

2014-03

Federal Award Program

Capital Fund Program (see Schedule of Expenditures of Federal Awards)

Criteria

The Davis Bacon Act requires that

- o All contractors and subcontractors performing on federal contracts (and contractors and subcontractors performing on federally assisted contracts under related acts) in excess of \$2,000 pay their labors and mechanics not less than the prevailing wage rates and fringe benefits listed in the contractor Wage Determination for the corresponding classes of labors and mechanics in similar projects in the area,
- o Contracts in excess of \$100,000 pay employees one and one half (1 -1/2) times their basic rates of pay for hours worked in excess of forty (40) in a one week pay period,
- o Weekly payment of employees, and
- o Submission of certified weekly payroll records along with a statement of compliance signed by an authorized officer or employee who supervises the payment of wages completed seven (7) days after the regular pay date for the pay period

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-03

Condition

Based on our review of a sample of thirty (30) transactions (judgementally selected), we noted the following conditions

- o No evidence of a statement of weekly payroll reporting during the contract period
- o We were unable to evidence whether "Statements of Certification" were received within the required seven (7) days of the payroll date for all contractor/subcontractor reviewed as no statements were available for our review
- o No evidence to support the performance of on-site interviews

We noted that the contractual responsibility for performance of the referenced functions was with HACA's hired architect

Questioned Costs

None

Context

Total federal awards expended for the Capital Fund Program for the year ended June 30, 2014 were \$1,208,632

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-03

Effect or Potential Effect

Potential noncompliance with the requirements of the Davis Bacon Act

Cause

Lack of effective monitoring and oversight to ensure completeness of files and compliance with the reporting requirements of the Davis Bacon Act

Recommendation

We recommend that management strengthen enforcement of monitoring and oversight controls currently in place to ensure that files maintained to support compliance with regulatory requirements are complete. Such a process should include the review of completeness in work performed by outside contractors.

Management's Response and Planned Corrective Action

HACA has executed a secondary review process for the MOD coordinator to strengthen compliance with regulatory requirements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number,
2014-04

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards)

Criteria

24 CFR requires the implementation of community services program for tenants eligible to participate in such a program

Condition

In one (1) instance of ten (10) files tested, we noted the lack of adequate documented evidence of community services performed or documented certification of ineligibility by an eligible tenant

Questioned Costs

None

Context

Total expenditures of federal award for the year ended June 30, 2014 for the Low Rent Public Housing Program were \$1,977,705 or (29)% of total federal awards

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-04

Cause

Lack of an effective monitoring system in place to ensure complete documentation of compliance with the community services requirement by eligible tenants

Recommendation

Management should review existing procedures to ensure its effectiveness in monitoring compliance with the community services component of HUD regulation and Board policy

Management's Response and Planned Corrective Action

Management has implemented procedures to ensure that residents are held accountable for community service at both annual and interim re-examinations

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-05

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards)

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing, monitoring and oversight controls including the preparation of complete reports for both internal and external users

Condition

The "VMS" report of restricted and unrestricted net positions and HAP payments for the month ended December 31, 2013 (month judgementally selected for testing) did not agree to the amounts reported in the HAP register and general ledger for the month ended December 31, 2013

Questioned Costs

None

Context

Total federal awards expended for the year ended June 30, 2014 for the Housing Choice Voucher Program were \$3,572,385

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-05

Effect or Potential Effect

Completeness of reports submitted to regulatory bodies

Cause

Lack of an established procedure to ensure the complete review of all reports prior to submission

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the complete preparation and review of all reports submitted to its regulatory agencies

Management's Response and Planned Corrective Action

HACA has implemented a second level review process for journal entries and bank reconciliations. HACA has received a final NRA balance from QAD which will allow VMS to reconcile fully with HACA's registers and ledgers. HACA can now provide full financial statements for governance and management.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-06

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards)

Criteria

Management of HACA is responsible for the submission of Form HUD 50058 each time HACA completes an admission, annual re-examination, interim examination, etc

Condition

The results of our review of ten (10) tenant files revealed in one (1) instance where HACA lacked documented evidence to support the correction and re-submission of a Form HUD 50058

Questioned Costs

None

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended June 30, 2014 were \$1,977,705

Effect or Potential Effect

Noncompliance with HUD regulations regarding the filing of complete Form HUD 50058

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-06

Cause

Lack of a system in place to support compliance with the timely filing of corrected Form HUD 50058

Recommendation

Management should revisit with its current HUD Form 50058 monitoring process. Further, management should continue to perform periodic sample reviews of tenants files to ensure documented filing and completeness.

Management's Response and Planned Corrective Action

HACA has applied a quality control process to ensure that 50058's for new admissions, both annual and interim are submitted.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-07

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards)

Criteria

HACA is required to submit in electronic format, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family

Condition

Our review of fifteen (15) tenant files revealed in five (5) instances where HACA lacked evidence to support the timely submission of Form HUD 50058

Questioned Costs

None

Context

Total federal awards expended for the Housing Choice Voucher Program were \$3,572,385 or 53% of the total federal awards for the year ended June 30, 2014

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2014-07

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR relative to the filing of Form HUD 50058

Cause

Failure to generate and/or document the completeness of all submitted data

Recommendation

We recommend that management provide staff with the necessary training to ensure the timely submission of all required external reports

In addition, the Form HUD 50058 should be reviewed at a supervisory level on a sample basis for completeness

Management's Response and Planned Corrective Action

HACA has implemented a quality control process to ensure that 50058's for new admissions, annual and interims are submitted

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-08

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards)

Criteria

24 CFR section 960 205 provides guidance in the determination of tenant's eligibility to participate in the housing program

Condition

In eight (8) of ten (10) tenant files reviewed, we noted no written documentation on file to support verification of prior lease violations

Questioned Costs

None

Context

Total federal awards expended for the Low Rent Public Housing Program were \$1,977,705 or 29% of the total federal awards for the year ended June 30, 2014

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 960 205

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-08

Cause

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulation

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant's eligibility to participate in the housing program

Management's Response and Planned Corrective Action

A rental history check is completed on all applicants during the admissions process
Documentation of this procedure is maintained in resident and applicant files

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs

Reference Number

2014-09

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations

Condition

Our testing of fifty (50) cash receipts, disbursements and journal transactions for the month of December 2013 (month judgementally selected for testing) revealed the following conditions

- o In two (2) instances, the supporting documentation provided to evidence journal entries posted were inadequate to facilitate an independent review of the completeness in posted adjustments. Further, we noted, no evidence of review and/or approval beyond the level of the preparer.
- o Our review of the December 2013 bank account reconciliation revealed the lack of supporting documents to support an item listed as outstanding in the amount of \$2,870.86. Further, we noted no evidence of any supervisory review beyond that of the preparer of the bank account reconciliation.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-09

Condition, Continued

- o The "VMS" report submitted for the month of December 2013 (compared to reported total HAP, restricted and unrestricted net position) varied from the amounts reflected in the HAP register and general ledger respectively
- o For the Low Rent Public Housing Program, we noted two (2) instances where invoices were not cancelled to prevent further use
- o Management continues to work towards resolution of the challenges impacting its ability to provide the board with complete monthly financial statements (balance sheet, cashflow, etc) Currently, the board receives a monthly income and expense statements

Questioned Costs

None

Context

Total federal awards expended for the year ended June 30, 2014 were \$6,758,722

Effect or Potential Effect

Noncompliance with board policy and HUD regulations

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-09

Cause

Transitional challenges faced by HACA in the accumulation of data

Recommendation

We recommend that management continue to work on factors impacting its ability to submit balance sheets and cashflow reports to the Board

Management's Response and Planned Corrective Action

HACA has implemented a second level review process for journal entries and bank reconciliations. HACA has received a final NRA balance from QAD which will allow VMS to reconcile fully with HACA's registers and ledgers. HACA can now provide full financial statements for governance and management.

**HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-10

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards)

Criteria

HUD regulations require the leased-up of units authorized under the executed Annual Contributions Contract

Condition

Our review of the June 30, 2014 occupancy report reveals a 63% leased-up based on HACA's authorized Annual Contributions Contract allocation

Questioned Costs

None

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$3,572,385 or 53% of the total federal awards for the year ended June 30, 2014

Effect or Potential Effect

Noncompliance with HUD regulations regarding leased-up levels

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-10

Cause

The level of funding budget authority directly impacts the ability of HACA to meet the 100% threshold

Recommendation

Management should enhance its outreach efforts to increase its leased-up level within its budgetary funding from HUD

Management's Response and Planned Corrective Action

HACA recently resolved historical problems with NRA balance and is currently aggressively leasing Section 8 vouchers and maintaining 90% leased up or greater

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number,
2014-11

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards)

Criteria

Pursuant to 24CFR section 5 801, restricted cash funds may be used only for rental assistance purposes and may not be transferred, advanced or loaned to another program

Condition

As of June 30, 2014, the Housing Choice Voucher Program had restricted cash of \$332,539 to its restricted net position of \$335,269 for a shortfall of \$2,730. This condition is historic in nature as HACA has very recently resolved the determination of its restricted net position balance with assistance from HUD.

Questioned Costs

None

Context

Total expenditures of federal award for the year ended June 30, 2014 for the Housing Choice Voucher Program were \$3,572,385 or (53)% of total federal awards.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR section 5 801

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-11

Cause

Challenges in past years which affected HACA ability to maintain complete equity activity

Recommendation

Management should continue its periodic analysis to ensure compliance with HUD regulation

Management's Response and Planned Corrective Action

HACA has initiated the necessary processes to facilitate the accurate, complete recordation, and reporting of net position

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Numbers

2013-01 and 2013-13

Condition

Based on our review of HACA's monthly financial reporting process for the months of October 2012 (month judgementally selected for testing), and June 30, 2013, we noted the following conditions

- o Lack of adequate trail to facilitate the effective and efficient review of recorded transactions for various programs managed by HACA
- o Lack of supporting documents for adjustments prepared as part of the monthly and/or year end closing process
- o Failure to perform complete periodic reconciliations and analysis of all significant general ledger accounts
- o Untimely identification and resolution of system software issues resulting in variances between subsidiary and general ledger control accounts
- o Also, noted unreconciled differences in the beginning (July 1, 2012) and ending (June 30, 2012) net position amounts for all programs

Further, the general ledger net position balances for the Voucher Program did not reflect restricted and unrestricted net position by classification. It is our understanding that HACA continues to seek HUD's technical assistance in this area.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Numbers, Continued

2013-01 and 2013-13

Condition, Continued

- o Several general ledger account balances reflected balances contrary to their normal account balances resulting in needed adjustments and/or reclassifications in connection with the audit of the June 30, 2013 financial statements
- o Selected unaudited Financial Data Schedule (FDS) submission amounts as of and for the year ended June 30, 2013 did not agree to general ledger/trial balance provided to independent auditors
- o Based on our limited testing, we noted a lack of consistency in the classification of certain reported costs

This condition is a repeat of prior year findings reference numbers 2012-01, 2012-19, 2012-12, and 2012-02

Recommendation

HACA should continue its risk assessment of its operation aimed at the design, documentation and determination of the level of resources needed to ensure complete implementation of its formalized internal control procedures and processes

Current Status

Resolved

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2013-02 and 2013-18

Condition

For the fiscal year ended June 30, 2013, we noted no evidence that monthly financial statements were generated from HACA's current software system and presented to the Board of Commissioners for review and discussion. However, we were provided with an excel spreadsheet financial statements prepared and provided to the Board starting in February 2013.

It is our understanding that management has initiated a software conversion process to facilitate the preparation of financial statements on a monthly basis from its current software.

This condition is similar to prior year findings reference numbers 2012-05 and 2012-24.

Recommendation

We recommend that management takes the steps necessary to properly map all general ledger accounts such that monthly financial statements can be directly generated from the existing software and presented to the Board of Commissioners for decision making.

Also, the monthly reporting should include budgeted to actual results with discussion on all significant variances.

Current Status

Unresolved See current year's finding reference number 2014-01

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2013-03 and 2013-14

Condition

Our testing of capital assets at June 30, 2013 revealed the following conditions

- o Management of **HACA** continues to work on the preparation of a complete detail of the description, date of acquisition and/or disposition where applicable, and associated historical cost for its capital assets as of June 30, 2013. In addition, **HACA** does not have a detail depreciation schedule to facilitate our testing for completeness in recorded amounts
- o No maintenance of complete capital assets subsidiary ledgers for all capital assets. Further, a detail schedule maintained for capital assets provided to us did not agree to the general ledger control account balance. Further, we were unable to conclude on the completeness of the balance as the supporting schedules carried forward from the previous year were incomplete.

Further, the referenced condition impacted our ability to certify all completed capital projects

This condition is similar to prior year findings reference numbers 2012-15 and 2012-20

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2013-03 and 2013-14

Recommendation

Management should continue its initiative and perform a complete reconstruction of its capital assets and reconcile to the general ledger balances and the necessary adjustments recorded

The reconstruction should include the completeness of an analysis in the recorded accumulated depreciation balance at June 30, 2013

Current Status

Resolved

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2013-04 and 2013-15

Condition

Our review of Capital Fund Program grants receivable transactions at June 30, 2013 revealed conditions that did not facilitate our ability to test for completeness in the reported grants receivable amount of \$2,080,369

Grants receivable HUD per subsidiary records and FDS submission documents at June 30, 2013 did not agree to the general ledger/trial balance provided to independent auditors,

Further, the nature of the recorded amounts did not provide for an efficient and effective detail testing of invoices, recorded expenses, and associated grant revenues to the Line of Credit Control System (LOCC) vouchers

In addition, based on a limited review of recorded Capital Fund activities, we noted the inclusion of prior year expenses in reimbursement request for the year ended June 30, 2013

Recommendation

Management should revisit with the current process to provide an adequate audit trail. Such a process should include a reconciliation of all costs charged to the specific drawdown through the LOCC System to include the specific general ledger accounts

Current Status

Unresolved See current year's finding reference number 2014-05

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2013-05 and 2013-16

Condition

At June 30, 2013 interfund activities reported reflect a cumulative out-of-balance condition of \$2,329,477

This condition is similar to prior year findings reference numbers 2012-11 and 2012-28

Recommendation

We recommend that management initiate steps to resolve the out-of-balance condition. Further, as part of its monthly processes management should reconcile interfund activities to eliminate the potential for any changes in the interfund condition. The referenced initiative should include the development of a monitoring system to facilitate the timely and complete preparation and review of reconciliations to include the timely resolution of resulting differences, if any.

Current Status

Resolved

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2013-06 and 2013-17

Condition

The "VMS" report of restricted net position at October 31, 2012 (month judgementally selected for testing) and June 30, 2013 did not agree to the amount reported on the general ledger for October 31, 2012 and June 30, 2013, respectively

This condition is similar to prior year findings reference numbers 2012-17 and 2012-26

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the complete preparation and review of all reports submitted to its regulatory agencies

Current Status

Resolved

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2013-07 and 2013-19

Condition

The current accounting records do not reflect the restricted net position for administrative fee and Housing Assistance Payments

As such, HACA is unable to accurately roll-forward equity balances

Further, the referenced condition may impact the correctness of funding from HUD

This condition is similar to prior year findings reference numbers 2012-08 and 2012-27

Recommendation

Management should perform a complete analysis of transactions impacting its administrative and housing assistance payments equity and post the necessary adjustments to properly state restricted and unrestricted net position

Current Status

Resolved

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2013-08

Condition

In two (2) instances of twelve (12) files tested, we noted the lack of adequate documented evidence of community services performed by eligible tenants

Recommendation

Management should review existing procedures to ensure its effectiveness in monitoring compliance with the community services component of HUD regulation

Current Status

Unresolved See current year's finding reference number 2014-04

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2013-09

Condition

Our review of fifteen (15) tenant files revealed in four (4) instances, where the Form HUD 50058 were not submitted in a timely manner

Recommendation

We recommend that management provide staff with the necessary training and guideline to ensure the timely submission of all required external reports

Current Status

Unresolved See current year's finding reference number 2014-07

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2013-10

Condition

At June 30, 2013, HACA has not reported correctly, its restricted and unrestricted net position for its Voucher Program

Recommendation

We recommend that management continue to work with HUD to resolve the completeness in reported net position

Current Status

Resolved

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2013-11

Condition

In twelve (12) of twelve tenant files reviewed, we noted no written documentation on file to support verification of prior lease violation

This condition is similar to a prior year finding reference number 2012-22

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant's eligibility to participate in the housing program

Current Status

Unresolved See current year's finding reference number 2014-08

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2013-12

Condition

HACA's current payroll practice requires the submission of electronic timesheets by all employees. However, we noted no documented certification in accordance with the requirements of OMB Circular A-87.

Recommendation

Management should revisit with its current practice to facilitate compliance with the requirements regarding payroll certification. Further, the timesheets submitted and approved should provide adequate documentation of program charged.

Current Status

Resolved

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section V - Status of HUD Review

In an amended letter dated February 24, 2014, HUD presented the results of its review conducted from June 17th, through 20th 2013 ,

HUD requested HACA to undertake the following corrective actions

Reference Number

HUD 2014-01

Condition

Housing Choice Voucher Program funds were spent inappropriately resulting in a cash balance in-sufficient to support the validated net restricted position

Correction Action(s)

- 1 Immediately identify non-federal resources to cover the calculated net restricted position and deposit the associated cash
- 2 HACA should work with the field office to develop a repayment agreement for submission
- 3 HACA should correct net position balances in the "VMS" from December 2012 through its current submission to include any and all adjustments to the FDS

Current Status

Ultimate resolution of this finding rests with HUD Nevertheless, HACA has corrected its net position balance in the VMS system

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section V - Status of HUD Review, Continued

Reference Number

HUD 2014-02

Condition

Net restricted position was incorrectly calculated and reported in the "VMS" and HUD was unable to validate the net unrestricted position

Corrective Action (s)

- 1 HACA must immediately correct its financial records through appropriate adjustments
- 2 HACA must properly train staff in the calculation of its net position balances
- 3 HACA must provide supporting financial records for the reported net unrestricted position so an informed determination may be made regarding the true net unrestricted position
- 4 HACA should make the necessary corrections of its reported "VMS" and "FDS" submissions

Current Status

Ultimate resolution of this finding rests with HUD The financial records have been corrected as of June 2014 through appropriate adjustments

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section V - Status of HUD Review, Continued

Reference Number

HUD 2014-03

Condition

HACA's financial controls are inadequate to facilitate the maintenance of complete and accurate financial records

Corrective Action(s)

- 1 HACA must immediately correct its financial records through appropriate adjustments to include the interfund activities, and net positions through its "VMS" and "FDS" submissions
- 2 HACA must develop and implement a quality control process for ensuring accuracy in financial recording and processing. A forensic audit is recommended

Current Status

Ultimate resolution of this finding rests with HUD. HACA has created and employs the use of a monthly checklist that incorporates who the responsible parties are for various month end processes

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section V - Status of HUD Review, Continued

Reference Number

HUD 2014-04

Condition

HACA has not executed a depository agreement with its banker for the Housing Choice Voucher program depository bank account

Corrective Action(s)

HACA must execute an Annual Contribution Contract mandated depository agreement with its banker for all funds held on its behalf

Current Status

Ultimate resolution of this finding rests with HUD HACA has executed a General Depository Agreement for the HCV program bank account

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

Section V - Status of HUD Review, Continued

Reference Number

HUD 2014-05

Condition

Housing Choice Voucher Program funds in the amount of \$653,303 were transferred as indicated on the 2005 "FDS" submission to the Alexandria Development Corporation for which repayment has not been received

Corrective Action (s)

1. HACA should identify non-federal funds to repay \$553,873 to the program
2. Execute a repayment agreement with HUD
3. Perform a detail and comprehensive investigation to determine the disposition of the funds

Current Status

Ultimate resolution of this finding rests with HUD. HACA does not have any non-federal funds available. Also, HACA has requested a repayment agreement with HUD.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

EXIT CONFERENCE

The financial statements and related reports were discussed at an exit conference held with management of Housing Authority of the City of Alexandria noting their agreement in all material respects

Those that participated in the discussions are as follows

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA ALEXANDRIA, LOUISIANA

Mr Bobby Collins	--	Executive Director
Ms Taura Denmon	--	Accountant
Ms Kimberly Wallace	--	Accountant
Mr Stephen Fontenot	--	Manager

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr Paul K Andoh, Sr , CPA, CGFM, CGMA, MBA	--	Partner
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Member
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Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon Jr. CPA
Waldo J. Moret Jr. CPA
Paul K. Andoh Sr. CPA
Joseph A. Akanji CPA

(Retired)
Michael B. Bruno CPA (2011)

INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

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

In planning and performing our audit of the financial statements of **Housing Authority of the City of Alexandria (HACA)**, as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered **HACA's** internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **HACA's** internal control. Accordingly, we do not express an opinion on the effectiveness of **HACA's** internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior year's other matters. This letter does not affect our report dated December 31, 2014 on **HACA's** internal control over financial reporting or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Current Year's Other Matters
2014.

The following is a listing of current year's other matters

Reference Number

OM 2014-01

Condition

HACA is unable to file its required Form HUD 60002, Section 3 report as required by HUD due to software related issues with HUD's system. HUD has advised HACA to hold on filing the required report until such time that its system issues are resolved.

Recommendation

None

Management's Response and Planned Corrective Action

Management will submit the report as soon as HUD sends the new instructions for submission.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Current Year's Other Matters, Continued
2014

Reference Number

OM 2014 - 02

Condition

HACA has not prepared for submission, its modernization cost certificates for all completed projects

Recommendation

Management of HACA should address the referenced condition through the preparation and submission of all required reports to HUD

Management's Response and Planned Corrective Action

HACA has implemented a process to facilitate the timely submission of all completed modernization projects

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Current Year's Other Matters, Continued
2014

Reference Number
OM 2014 - 03

Condition

HACA incurred an operating loss on its Central Office Cost Center in the amount of \$9,752 for the year ended June 30, 2014

The amount of the current year's loss, represents a significant change from prior year's cumulative amount of \$804,122

Recommendation

Management should continue to contain cost and explore avenues for an enhancement of its operating revenues

Management's Response and Planned Corrective Action

Management of HACA as evidenced through the year ended June 30, 2014, has instituted action plans aimed at cost containment. Revenues continue to be restricted by HUD's budgetary authority

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

***Prior Year's Other Matter*
2013**

The following is a status of prior year's other matters

Reference Number

OM 2013-01

Condition

No formalized guidelines to support project fees charged to its central office pursuant to the requirements of 24 CFR section 990.280(b)(5)(ii)

Recommendation

Management should develop a formalized policy to support its determination of fees charged to its central office

Current Status

Resolved

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Prior Year's Other Matter, Continued
2013, CONTINUED

Reference Number

OM 2013-02

Condition

HACA was unable to provide documentation to support \$125,000 in non-construction contracts documented as awarded on its Section 3 Summary report filed with HUD

Recommendation

Management should ensure that all reports filed are complete with the associated supporting documents

Current Status

Unresolved See current year's section of this report for other matter reference number OM 2014-01

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Prior Year's Other Matter, Continued
2013, CONTINUED

Reference Number

OM 2013-03

Condition

No established policy or practice regarding the timely submission of HUD Form 50058 for both Low Rent and Voucher Programs

Recommendation

Management should establish a timeline for the submission of its HUD Form 50058 to provide the necessary guideline for staff

Current Status

Unresolved See current year's findings reference numbers 2014-06 and 2014-07

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Prior Year's Other Matter, Continued
2013, CONTINUED

Reference Number
OM 2013-04

Condition

HACA continues to incur operating losses on its various programs except for the Capital Fund Program

This condition is similar to prior year's other matter reference number OM 2012-04

Recommendation

Management should continue to contain cost and explore avenues for an enhancement of its operating revenues

Current Status

Unresolved See the current year's section of this report for reference number OM 2014-03

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

HACA's response to other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit HACA's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the Board of Commissioners, management, the Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 31, 2014