

THE HOUSING AUTHORITY
OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED SEPTEMBER 30, 2016

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Shreveport, Louisiana as of and for the year ended September 30, 2016, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 13 and Schedule of the Compensation, Benefits and Other Payments to Executive Director on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Further, other supplementary data as listed in the table of contents is presented for the Department of Housing and Urban Development's information and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

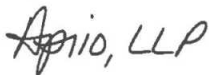
The Financial Data Schedule, other supplementary data and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting data and other records used to prepare the financial statements. Such information has been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

Correction of an Error

As described in Note S to the financial statements, there was a prior period adjustment to adjust an overstatement of accumulated depreciation. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2017 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Birmingham, Alabama
May 9, 2017

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Authority, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 9, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as finding 2016-001 and 2016-002 to be material weaknesses.

Compliance and Other Matters

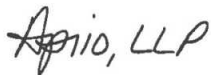
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding 2016-003.

The Authority's Response to the Finding

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

Purpose of this Report

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

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

Birmingham, Alabama
May 9, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended September 30, 2016. The Authority's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Other Matters

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

Report on Internal Control Over Compliance

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

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

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

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

Aprio, LLP

Birmingham, Alabama
May 9, 2017

Management's Discussion and Analysis

The Housing Authority of the City of Shreveport, Louisiana September 30, 2016

Preamble

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

Presentation

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

FINANCIAL HIGHLIGHTS

- The Authority's Net Position increased at year end by \$857,737. Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$18,571,862 and \$19,429,599 for 2015 and 2016 respectively.
- The Authority's revenues increased by \$2,029,001 during 2016. Revenues were \$15,271,338 and \$17,300,339 for 2015 and 2016 respectively.
- Total program expenses of the Authority's programs decreased by \$524,134. Total expenses were \$16,966,736 and \$16,442,602 for 2015 and 2016 respectively.

REVIEW OF THIS ANNUAL REPORT

The following information is for review and consideration:

MD&A

Management's Discussion and Analysis

Basic Financial Statements

Authority Wide Financial Statements
Notes to the Financial Statements

Other Required Supplementary Information

Required Supplementary Information

Authority-Wide Financial Statements

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

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

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

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

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

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

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

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

Enterprise Fund

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

Significant Programs of the Authority:

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

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

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

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

Other smaller programs are:

State and Local
Business Activities
HOPE VI

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

**Table 1
STATEMENT OF NET POSITION**

| | <u>2016</u> | <u>Restated 2015</u> | <u>Variance</u> |
|------------------------------------|-----------------------------|-----------------------------|--------------------------|
| Assets: | | | |
| Current Assets & Restricted Assets | \$ 6,048,038 | \$ 4,811,783 | \$ 1,236,255 |
| Non Current Assets | 15,019,445 | 15,331,488 | (312,043) |
| Total Assets | <u>\$ 21,067,483</u> | <u>\$ 20,143,271</u> | <u>\$ 924,212</u> |
| Liabilities: | | | |
| Current Liabilities | \$ 755,192 | \$ 585,345 | \$ 169,847 |
| Non Current Liabilities | 882,692 | 986,064 | (103,372) |
| Total Liabilities | <u>\$ 1,637,884</u> | <u>\$ 1,571,409</u> | <u>\$ 66,475</u> |
| Net Position | | | |
| Net Investment in Capital Assets | \$ 13,953,023 | \$ 14,212,406 | \$ (259,383) |
| Restricted Net Position | 9,270 | - | 9,270 |
| Unrestricted Net Position | 5,467,306 | 4,359,456 | 1,107,850 |
| Total Net Position | <u>\$ 19,429,599</u> | <u>\$ 18,571,862</u> | <u>\$ 857,737</u> |

Major Factors Affecting the Statement of Net Position

As illustrated, in the Statement of Net Position, the overall Net Position of the Authority increased by \$857,737. Current and restricted assets increased by \$1,236,255. Current and restricted assets increased primarily due to an increase in cash and receivables. Non-current assets decreased primarily due to depreciation expense exceeding capital additions. Liabilities increased primarily due to an increase in accounts payable, unearned revenues and tenant security deposits offset by a decrease in amounts due to HUD, as well as a decrease in accrued compensated absences.

Table 2 presents details on the change in Unrestricted Net Position

Table 2

| | |
|--|----------------------------|
| Unrestricted Net Position, September 30, 2015 (Restated) | \$ 4,359,456 |
| Results of Operations | (209,293) |
| Transfer from (to) Restricted Assets | (9,270) |
| Capital Additions from Operations | (216,035) |
| Investment Income | 66,547 |
| Depreciation Expense | 1,475,901 |
| Unrestricted Net Position, September 30, 2016 | <u>\$ 5,467,306</u> |

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

Table 3
Statement of Revenues and Expenses

| | <u>2016</u> | <u>2015</u> | <u>Variance</u> |
|---|--------------------------|------------------------------|----------------------------|
| Revenues: | | | |
| Tenant Rental Revenue | \$ 1,895,341 | \$ 1,844,608 | \$ 50,733 |
| Operating Grants | 13,732,245 | 12,316,275 | 1,415,970 |
| Capital Grants Received | 1,000,483 | 400,420 | 600,063 |
| Investment Income | 66,547 | 135,850 | (69,303) |
| Gain/(Loss) on Disposition of Assets | - | (4,323) | 4,323 |
| Other Income | 605,723 | 578,508 | 27,215 |
| | <u>\$ 17,300,339</u> | <u>\$ 15,271,338</u> | <u>\$ 2,029,001</u> |
| Expenses: | | | |
| Administrative Expenses | \$ 2,151,070 | \$ 2,547,196 | \$ (396,126) |
| Tenant Services | 82,526 | 186,525 | (103,999) |
| Utilities | 397,424 | 423,569 | (26,145) |
| Maintenance & Operations | 1,637,637 | 1,655,989 | (18,352) |
| General Expense | 574,613 | 947,206 | (372,593) |
| HAP Payments | 10,123,431 | 8,651,553 | 1,471,878 |
| Contribution to Tax Credit Entity | - | 893,968 | (893,968) |
| Depreciation | 1,475,901 | 1,660,730 | (184,829) |
| | <u>\$ 16,442,602</u> | <u>\$ 16,966,736</u> | <u>\$ (524,134)</u> |
| Excess (Deficiency) Revenues Over Expenses | <u><u>\$ 857,737</u></u> | <u><u>\$ (1,695,398)</u></u> | <u><u>\$ 2,553,135</u></u> |

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

There was an increase in the excess of revenues over expenses from the prior year. The increase was due to an increase in revenues and a decrease in expenses. Revenues increased primarily due to an increase in operating and capital grants received. Operating grants increased due to increases in HAP subsidy as a result of an increase in vouchers and rent. Capital grants increased due to the timing and nature of the draws in the Capital Fund Program.

Expenses decreased primarily due to decreases in amounts contributed to tax credits, administrative, tenant services and general expenses offset by an increase in HAP expenses. HAP expenses increased due to an increase in vouchers and rent expense. Administrative expenses decreased due to decreases in legal and other administrative expenses. Tenant services expenses decreased due to a decrease in the FSS grant in 2016. General expenses decreased mainly due to a decrease in bad debt expense on notes receivable.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had \$13,953,023 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of 2% from the end of last year.

TABLE 4

| | 2016 | Restated 2015 | Variance | % Change |
|--------------------------|--------------------------|--------------------------|-------------------------|----------------|
| Land | \$ 1,915,428 | \$ 1,915,428 | \$ - | 0% |
| Buildings | 48,953,242 | 48,743,172 | 210,070 | 0% |
| Furniture & Equipment | 2,850,422 | 2,548,937 | 301,485 | 12% |
| Construction in Progress | 704,963 | - | 704,963 | |
| Accumulated Depreciation | <u>(40,471,032)</u> | <u>(38,995,131)</u> | <u>(1,475,901)</u> | <u>4%</u> |
| Net Capital Assets | <u>\$ 13,953,023</u> | <u>\$ 14,212,406</u> | <u>\$ (259,383)</u> | <u>-2%</u> |

The following reconciliation summarizes the change in Capital Assets.

| | |
|---|----------------------|
| Beginning Balance, October 1, 2015 (Restated) | \$ 14,212,406 |
| Additions and Disposals: | |
| Capital Fund Program - Improvements | 1,000,483 |
| Operating Funds - Improvements and Equipment | 216,035 |
| Depreciation Expense | <u>(1,475,901)</u> |
| Ending Balance, September 30, 2016 | <u>\$ 13,953,023</u> |

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Beginning October 1, 2007, the Authority began its first compliance year under Asset Management mandated by HUD. The Central Office Cost Center (COCC) was established in accordance with HUD guidance. The COCC has begun a "fee for service" approach and is billing the asset management projects (AMPS) and other funds for its management service. These fees are in accordance with HUD regulation and meet the safe-harbor requirement of being reasonable. Therefore, the funds are defederalized.

FINANCIAL CONTACT

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

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

| | Enterprise Fund |
|---------------------------------------|----------------------------|
| <u>Current Assets</u> | |
| Cash and Cash Equivalents | \$ 5,384,004 |
| Accounts Receivable - Other | 188,087 |
| Tenants Accounts Receivable | 113,479 |
| (Allowance for Doubtful Accounts) | (59,854) |
| Prepaid Costs | 212,523 |
| Total Current Assets | <u>5,838,239</u> |
| <u>Restricted Assets</u> | |
| Cash and Cash Equivalents | <u>209,799</u> |
| Total Restricted Assets | <u>209,799</u> |
| <u>Capital Assets</u> | |
| Land | 1,915,428 |
| Buildings | 48,953,242 |
| Furniture & Equipment | 2,850,422 |
| Construction in Progress | 704,963 |
| | <u>54,424,055</u> |
| (Less): Accumulated Depreciation | <u>(40,471,032)</u> |
| Net Capital Assets | <u>13,953,023</u> |
| <u>Other Non-Current Assets</u> | |
| Notes Receivable | <u>1,066,422</u> |
| Total Other Non-Current Assets | <u>1,066,422</u> |
| <u>Deferred Outflows of Resources</u> | |
| | <u>-</u> |
| Outflows of Resources | <u>\$ 21,067,483</u> |

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2016

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

| | Enterprise Fund |
|--|----------------------------|
| <u>Current Liabilities</u> | |
| Accounts Payable | \$ 308,175 |
| Accrued Wages / Payroll Taxes | 27,568 |
| Accrued Compensated Absences | 64,009 |
| Accrued PILOT | 122,369 |
| Tenant Security Deposits | 150,494 |
| Unearned Revenues | 34,411 |
| Other Current Liabilities | 616 |
| Current Portion -- Due to HUD | 47,550 |
| Total Current Liabilities | <u>755,192</u> |
| <u>Long-Term Liabilities</u> | |
| Accrued Compensated Absences | 64,009 |
| FSS Escrows | 200,529 |
| Non - Current Portion -- Due to HUD | 618,154 |
| Total Long-Term Liabilities | <u>882,692</u> |
| Total Liabilities | <u>1,637,884</u> |
| <u>Deferred Inflows of Resources</u> | |
| | <u>-</u> |
| <u>Net Position</u> | |
| Net Investment in Capital Assets | 13,953,023 |
| Restricted Net Position | 9,270 |
| Unrestricted Net Position | 5,467,306 |
| Total Net Position | <u>19,429,599</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 21,067,483</u> |

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

| | Enterprise Fund |
|---|----------------------------|
| <u>Operating Revenues</u> | |
| Dwelling Rent | \$ 1,895,341 |
| Operating Grants | 13,732,245 |
| Other Income | 605,723 |
| Total Operating Revenues | <u>16,233,309</u> |
| <u>Operating Expenses</u> | |
| Administrative | 2,151,070 |
| Tenant Services | 82,526 |
| Utilities | 397,424 |
| Maintenance and Operations | 1,637,637 |
| General Expense | 574,613 |
| Housing Assistance Payments | 10,123,431 |
| Depreciation | 1,475,901 |
| Total Operating Expenses | <u>16,442,602</u> |
| Operating Income (Loss) | <u>(209,293)</u> |
| <u>Non-Operating Revenues (Expenses)</u> | |
| Investment Income | 9,119 |
| Interest from Mortgage Receivable | 57,428 |
| Total Non-Operating Rev/(Exp) | <u>66,547</u> |
| Increase (Decrease) in Net Position Before Capital Contributions and Transfers | <u>(142,746)</u> |
| Capital Contributions | <u>1,000,483</u> |
| Increase (Decrease) in Net Position | 857,737 |
| Net Position, Beginning | 18,349,204 |
| Prior Period Adjustment | 222,658 |
| Net Position, Ending | <u>\$ 19,429,599</u> |

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

| | Enterprise Fund |
|--|----------------------------|
| <u>Cash flows from operating activities:</u> | |
| Cash Received from Dwelling Rent | \$ 1,876,594 |
| Cash Received from Operating Grants | 13,732,245 |
| Cash Received from Other Sources | 605,723 |
| Cash Payments for Salaries & Benefits | (2,192,644) |
| Cash Payments to Vendors and Landlords | (12,749,258) |
| Net Cash flows provided (used) by operating activities | <u>1,272,660</u> |
| <u>Cash flows from non-capital financing activities:</u> | |
| Net cash flows provided (used) by non-capital financing activities | <u>-</u> |
| <u>Cash flows from capital and related financing activities:</u> | |
| Capital Outlay | (1,216,518) |
| Capital Grants Received | 860,814 |
| Net cash flows provided (used) by capital and related financing activities | <u>(355,704)</u> |
| <u>Cash flows from investing activities:</u> | |
| Interest Earned from Cash and Cash Equivalents | 9,119 |
| Cash Received from Payments on Notes Receivable | 110,088 |
| Net cash flows provided (used) by investing activities | <u>119,207</u> |
| Net Increase (decrease) in cash and cash equivalents | <u>1,036,163</u> |
| Cash and cash equivalents, beginning of year: | <u>4,557,640</u> |
| Total cash and cash equivalents, end of year | <u>\$ 5,593,803</u> |
| <u>Reconciliation of operating income to net cash provided by (used in) operating activities:</u> | |
| Operating Income (Loss) | \$ (209,293) |
| Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities: | |
| Depreciation | 1,475,901 |
| Bad Debt Expense | 16,289 |
| Change in Accounts Receivable | (39,409) |
| Change in Prepaid Expenses | (37,303) |
| Change in Accounts Payable | 74,002 |
| Change in Accrued Expenses | (67,498) |
| Change in Tenant Security Deposits | 52,369 |
| Change in Unearned Revenues | 34,411 |
| Change in Other Liabilities | (26,809) |
| Net cash provided by (used in) operating activities | <u>\$ 1,272,660</u> |

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Cash

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

Accounts Receivable

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

Prepaid Items

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

Unearned Revenue

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Property and Equipment

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

| | |
|----------------------------------|---------------|
| Buildings & Improvements | 15 - 40 years |
| Furniture fixtures and equipment | 3 - 7 years |

Revenue Accounting Policies

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

Indirect Cost Recovery

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

NOTE B - REPORTING ENTITY DEFINITION

The Authority is a separate non-profit corporation with a Board of Commissioners. The Mayor appoints the Board of Commissioners. However, the Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following blended component unit in the business activities column:

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B - REPORTING ENTITY DEFINITION CONTINUED

Cypress Landing GP, LLC is a limited liability company formed under the laws of the State of Louisiana on October 9, 2012. The Limited Liability Company was formed to act as general partner of Cypress Landing, L.P. a limited partnership established for the purpose of holding low income housing tax credits under Section 42 of the Internal Revenue Code, and to develop the Cypress Landing Apartments. The Authority is the sole member of the Limited Liability Company. Therefore, it is a blended component unit of the Authority.

NOTE C - CASH AND INVESTMENT DEPOSITS

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

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

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

The Authority's cash and cash equivalents consist of cash held in interest bearing checking accounts totaling \$5,383,904. The restricted cash consists of \$209,799 held in interest bearing checking accounts. The various accounts bear interest up to .30%. The remaining \$100 is held in cash in petty cash funds. Deposits with financial institutions are secured as follows:

| | <u>Per Books</u> | <u>Per Bank</u> |
|---|---------------------|---------------------|
| Insured by FDIC | \$ 250,000 | \$ 250,000 |
| Investments held in U.S. Treasury Obligations | - | - |
| Collateralized with specific securities in the Authority name which are held by the financial institution | 5,343,703 | 5,453,102 |
| Uncollateralized | - | - |
| | <u>\$ 5,593,703</u> | <u>\$ 5,703,102</u> |

NOTE D - CONTRACTUAL COMMITMENTS

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

| <u>Type Commitment</u> | <u>Amount</u> |
|------------------------|---------------|
| Renovations | \$ 226,793 |

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE E – RISK MANAGEMENT

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

NOTE F – CONCENTRATION OF RISK

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

NOTE G – SIGNIFICANT ESTIMATES

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to notes receivable valuations and depreciation and useful lives. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE H – COMPENSATED ABSENCES

The Authority follows Louisiana Civil Service regulations for accumulated annual leave and sick time. Employees may accumulate up to 300 hours annual leave which may be received upon termination or retirement. In a case where the employee notifies the Authority not less than six months prior to retirement or resignation, annual leave in excess of 300 may be utilized prior to separation of employment. Sick leave hours accumulate, but the employee is not paid for them if not used by the retirement or termination date. Leave accrued but not yet paid as of September 30, 2016, is shown as a liability allocated between current and noncurrent.

NOTE I - PENSION PLAN

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan, a defined contribution plan administered by Automatic Data Processing Retirement Services. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one year of continuous and uninterrupted employment. The plan provisions and changes to the plan contributions are determined by the Board of the Housing Authority.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes an amount equal to 11% of the employees' base salary (excluding overtime). The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Up to 100% of Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are refundable to the Authority, and are used to offset future contributions of the Housing Authority. During the current audit period, total contributions made by the Authority and employees totaled \$167,845 and \$13,035, respectively.

Assets in the plan are recorded at market value and are administered by a private corporation under contract with the Housing Authority. It is the opinion of the Authority's legal counsel that the Housing Authority has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE J – LONG TERM DEBT

Long term debt at September 30, 2016 consisted of the following:

| | <u>Balance</u> <u>10/01/15</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>09/30/16</u> | <u>Due Within</u> <u>One Year</u> |
|-------------------------|-----------------------------------|------------------|-------------------|-----------------------------------|--------------------------------------|
| Compensated Absences | \$ 187,928 | \$ 23,752 | \$ 83,662 | \$ 128,018 | \$ 64,009 |
| Due to HUD (RHF Misuse) | 713,254 | - | 47,550 | 665,704 | 47,550 |
| FSS Escrows | 226,395 | - | 25,866 | 200,529 | - |
| Long Term Debt | <u>\$ 1,127,577</u> | <u>\$ 23,752</u> | <u>\$ 157,078</u> | <u>\$ 994,251</u> | <u>\$ 111,559</u> |

NOTE K – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows at September 30, 2016.

| | <u>PUBLIC</u> <u>HOUSING</u> | <u>CAPITAL</u> <u>FUND</u> <u>PROGRAM</u> | <u>HOPE VI</u> | <u>HOUSING</u> <u>CHOICE</u> <u>VOUCHERS</u> |
|-----------------------------------|---------------------------------|--|-------------------|--|
| Land | \$ 1,659,715 | \$ - | \$ - | \$ - |
| Building and Improvements | 43,498,944 | 1,789,367 | 15,300 | 887,650 |
| Furniture, Fixtures and Equipment | 1,336,503 | 591,797 | - | 511,882 |
| Construction in Progress | - | 704,963 | - | - |
| Less Accumulated Depreciation | <u>(36,780,880)</u> | <u>(506,977)</u> | <u>(6,630)</u> | <u>(946,146)</u> |
| Total Property and Equipment | <u>\$ 9,714,282</u> | <u>\$ 2,579,150</u> | <u>\$ 8,670</u> | <u>\$ 453,386</u> |
| | | <u>BUSINESS</u> <u>STATE / LOCAL</u> <u>ACTIVITIES</u> | <u>COCC</u> | <u>TOTAL</u> |
| Land | \$ - | \$ 255,713 | \$ - | \$ 1,915,428 |
| Building and Improvements | - | 2,624,445 | 137,536 | 48,953,242 |
| Furniture, Fixtures and Equipment | 4,770 | 64,174 | 341,296 | 2,850,422 |
| Construction in Progress | - | - | - | 704,963 |
| Less Accumulated Depreciation | <u>(4,770)</u> | <u>(1,890,985)</u> | <u>(334,644)</u> | <u>(40,471,032)</u> |
| Total Property and Equipment | <u>\$ -</u> | <u>\$ 1,053,347</u> | <u>\$ 144,188</u> | <u>\$ 13,953,023</u> |

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE K – PROPERTY AND EQUIPMENT - CONTINUED

| | Restated October 1, 2015 <u>Balance</u> | <u>Additions</u> | Transfers & <u>Deletions</u> | September 30, 2016 <u>Balance</u> |
|---------------------------------------|---|---------------------|---------------------------------|--------------------------------------|
| Land | \$ 1,915,428 | \$ - | \$ - | \$ 1,915,428 |
| Construction in Process | - | 1,000,483 | (295,520) | 704,963 |
| Total Assets not being depreciated | 1,915,428 | 1,000,483 | (295,520) | 2,620,391 |
| Buildings and Improvements | 48,743,172 | 210,070 | - | 48,953,242 |
| Furniture and Equipment | 2,548,937 | 5,965 | 295,520 | 2,850,422 |
| Total Capital Assets | 53,207,537 | 1,216,518 | - | 54,424,055 |
| Less Accumulated | | | | |
| Buildings & Improvements | (36,859,822) | (1,184,872) | 581,636 | (37,463,058) |
| Furniture & Equipment | (2,135,309) | (291,029) | (581,636) | (3,007,974) |
| Net Book Value | <u>\$ 14,212,406</u> | <u>\$ (259,383)</u> | <u>\$ -</u> | <u>\$ 13,953,023</u> |

NOTE L – NOTES RECEIVABLE

Due from Cypress Landing, LP

1. Cypress Landing, LP entered into a Promissory Note with Cypress Landing GP, LLC (a Blended Component Unit of the Authority) in the amount of \$541,875. The note bears interest at a rate of six percent compounded annually and has a maturity date of December 31, 2030. On the 31st day of December in each and every year during the term of the Note, the borrower shall pay to the lender 100% of the cash flow as defined by the partnership agreement. The loan is secured by all real and personal property. The loan is subordinate to the Senior Sponsor note with the Department of Housing and Urban Development. As of September 30, 2016, the loan balance is \$541,875 and accrued interest on the loan is \$100,590.
2. Cypress Landing, LP entered into a loan with Cypress Landing GP, LLC (a Blended Component Unit of the Authority) in the amount of \$300,000. The note bears interest at a rate of six percent compounded annually and has a maturity date of December 31, 2030. On the 3rd day of November in each and every year during the term of the Note, the borrower shall pay to the lender 100% of the cash flow as defined by the partnership agreement. The loan is secured by all real and personal property. The loan is subordinate to the Senior Sponsor note with the Department of Housing and Urban Development and the above Promissory note. As of September 30, 2016, the loan balance is \$300,000 and accrued interest on the loan is \$50,623.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE L – NOTES RECEIVABLE - CONTINUED

Due from Cypress Landing, LP

3. Under the terms of the Development Services Agreement between Cypress Landing, LP and Cypress Landing GP, LLC (a Blended Component Unit of the Authority), Cypress Landing, LP is obligated to pay a development fee in the amount of \$440,000 to Cypress Landing GP, LLC. As of September 30, 2016, the balance due to the Authority for the development fee is \$73,334.

Due from Renaissance at Allendale, LP

4. Renaissance at Allendale, LP entered into a Promissory Note with the Housing Authority of the City of Shreveport in the amount of \$390,874. The note bears interest at a rate of six percent compounded annually and has a maturity date of March 31, 2044. On the 31st day of March in each and every year, commencing March 31, 2016, the borrower shall pay to the lender 100% of the cash flow as defined by the partnership agreement. The loan is secured by all real and personal property. As of September 30, 2016, the loan balance is \$390,874 and accrued interest is \$62,218. The Authority has fully reserved the note balance and accrued interest.

NOTE M – AMOUNTS DUE TO HUD

Fiscal year ended September 30, 2012 audit finding 12-04 identified questionable payments made by the Authority using Replacement Housing Factor grants 501.07 and 501.08. The funds were not expended to develop or acquire new public housing rental units as stated by the grant requirements, but instead, were used to modify existing public housing properties. Prior to the 2014 fiscal year, these amounts were identified as contingent liabilities, as the New Orleans HUD Office had not notified the Authority of a correction plan. On July 7, 2014, the Office of General Counsel decreed that the monies owed of \$713,254 must be repaid using any non-federal funds at the Authority's disposal and/or Capital Fund Program funds. The \$713,254 will be repaid over 15 years with a zero percent interest rate. The Authority will utilize a portion of the Capital Fund Program funds for the next ten years, beginning on October 1, 2015, and will make an annual payment of \$47,550. As of September 30, 2016, the balance was \$665,704.

NOTE N – INTERPROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and subsequently reimbursed by the Public Housing Program. Balances due for such charges are reflected in the Interprogram Due to/Due from account balances. Interprograms at September 30, 2016 consisted of the following:

| | | |
|-------------------------|----|-----------------|
| COCC | \$ | 340,131 |
| Low Rent | | 54,863 |
| Capital Fund Program | | (54,863) |
| Housing Choice Vouchers | | (332,600) |
| HOPE VI | | (7,531) |
| Total | \$ | <u><u>-</u></u> |

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE O – RESTRICTED CASH

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

| | | |
|----------------------------------|----|----------------|
| Cash Restricted for HAP Payments | \$ | 9,270 |
| Cash Restricted for FSS Escrows | | 200,529 |
| | \$ | <u>209,799</u> |

There is an offsetting liability for FSS Escrows, therefore, Restricted Net Position equals \$9,270.

NOTE P – COMMITMENTS AND CONTINGENCIES

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

NOTE Q – PILOT AGREEMENT

The Authority has entered into a Payment in Lieu of Taxes (PILOT) Agreement with the City of Shreveport whereby the Authority agrees to pay a negotiated sum in lieu of city real property taxes. As of September 30, 2016 the Authority owes the City \$122,369 for PILOT costs for the year.

NOTE R – SUBSEQUENT EVENTS

In preparing financial statements, management evaluated subsequent events through May 9, 2017, the date the financial statements were issued.

NOTE S – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was posted in the amount of \$222,658 to adjust prior year accumulated depreciation. Accumulated Depreciation was overstated by \$222,658 due to depreciation being posted to assets which were fully depreciated.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION BY PROGRAM
 SEPTEMBER 30, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

| | Public Housing Program | Capital Fund Program | Housing Choice Vouchers | Hope VI | State/ Local | Business Activities | COCC | Elimination | Total |
|--|------------------------------|----------------------------|-------------------------------|-----------------|------------------|------------------------|---------------------|---------------------|----------------------|
| <u>Current Assets</u> | | | | | | | | | |
| Cash and Cash Equivalents | \$ 4,725,861 | \$ - | \$ - | \$ - | \$ 17,761 | \$ 244,295 | \$ 396,087 | \$ - | \$ 5,384,004 |
| Accounts Receivable - Other | 1,833 | 138,863 | 9,661 | - | 9,081 | 19,393 | 9,256 | - | 188,087 |
| Tenants Accounts Receivable | 98,056 | - | 1,023 | - | - | 14,400 | - | - | 113,479 |
| (Allowance for Doubtful Accounts) | (48,481) | - | - | - | - | (11,373) | - | - | (59,854) |
| Prepaid Costs | 8,575 | - | 36,865 | - | - | - | 167,083 | - | 212,523 |
| Interprogram Receivable | 54,863 | - | - | - | - | - | 340,131 | (394,994) | - |
| Total Current Assets | 4,840,707 | 138,863 | 47,549 | - | 26,842 | 266,715 | 912,557 | (394,994) | 5,838,239 |
| <u>Restricted Assets</u> | | | | | | | | | |
| Cash and Cash Equivalents | 81,420 | - | 128,379 | - | - | - | - | - | 209,799 |
| Total Restricted Assets | 81,420 | - | 128,379 | - | - | - | - | - | 209,799 |
| <u>Capital Assets</u> | | | | | | | | | |
| Land | 1,659,715 | - | - | - | - | 255,713 | - | - | 1,915,428 |
| Buildings | 43,498,944 | 1,789,367 | 887,650 | 15,300 | - | 2,624,445 | 137,536 | - | 48,953,242 |
| Furniture & Equipment | 1,336,503 | 591,797 | 511,882 | - | 4,770 | 64,174 | 341,296 | - | 2,850,422 |
| Construction in Progress | - | 704,963 | - | - | - | - | - | - | 704,963 |
| | 46,495,162 | 3,086,127 | 1,399,532 | 15,300 | 4,770 | 2,944,332 | 478,832 | - | 54,424,055 |
| (Less): Accumulated Depreciation | (36,780,880) | (506,977) | (946,146) | (6,630) | (4,770) | (1,890,985) | (334,644) | - | (40,471,032) |
| Net Capital Assets | 9,714,282 | 2,579,150 | 453,386 | 8,670 | - | 1,053,347 | 144,188 | - | 13,953,023 |
| <u>Other Non-Current Assets</u> | | | | | | | | | |
| Notes Receivable | - | - | - | - | - | 1,066,422 | - | - | 1,066,422 |
| Total Other Non-Current Assets | - | - | - | - | - | 1,066,422 | - | - | 1,066,422 |
| <u>Deferred Outflows of Resources</u> | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - |
| Total Assets and Deferred Outflows of Resources | \$ 14,636,409 | \$ 2,718,013 | \$ 629,314 | \$ 8,670 | \$ 26,842 | \$ 2,386,484 | \$ 1,056,745 | \$ (394,994) | \$ 21,067,483 |

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION BY PROGRAM
 SEPTEMBER 30, 2016

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

| | Public Housing Program | Capital Fund Program | Housing Choice Vouchers | Hope VI | State/ Local | Business Activities | COCC | Elimination | Total |
|--|------------------------------|----------------------------|-------------------------------|-----------------|------------------|------------------------|---------------------|---------------------|----------------------|
| <u>Current Liabilities</u> | | | | | | | | | |
| Accounts Payable | \$ 110,106 | \$ 84,000 | \$ 43,536 | \$ - | \$ - | \$ 3,031 | \$ 67,502 | \$ - | \$ 308,175 |
| Accrued Wages / Payroll Taxes | - | - | - | - | - | - | 27,568 | - | 27,568 |
| Accrued Compensated Absences | 27,103 | - | 12,869 | - | - | 1,797 | 22,240 | - | 64,009 |
| Accrued PILOT | 121,769 | - | 600 | - | - | - | - | - | 122,369 |
| Tenant Security Deposits | 118,089 | - | - | - | 2,240 | 30,165 | - | - | 150,494 |
| Unearned Revenues | 23,322 | - | 11,089 | - | - | - | - | - | 34,411 |
| Other Current Liabilities | - | - | - | - | - | 500 | 116 | - | 616 |
| Current Portion – Due to HUD | - | - | - | - | - | - | 47,550 | - | 47,550 |
| Interprogram Payable | - | 54,863 | 332,600 | 7,531 | - | - | - | (394,994) | - |
| Total Current Liabilities | 400,389 | 138,863 | 400,694 | 7,531 | 2,240 | 35,493 | 164,976 | (394,994) | 755,192 |
| <u>Long-Term Liabilities</u> | | | | | | | | | |
| Accrued Compensated Absences | 27,103 | - | 12,869 | - | - | 1,797 | 22,240 | - | 64,009 |
| FSS Escrows | 81,420 | - | 119,109 | - | - | - | - | - | 200,529 |
| Non - Current Portion – Due to HUD | - | - | - | - | - | - | 618,154 | - | 618,154 |
| Total Long-Term Liabilities | 108,523 | - | 131,978 | - | - | 1,797 | 640,394 | - | 882,692 |
| Total Liabilities | 508,912 | 138,863 | 532,672 | 7,531 | 2,240 | 37,290 | 805,370 | (394,994) | 1,637,884 |
| <u>Deferred Inflows of Resources</u> | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - |
| <u>Net Position</u> | | | | | | | | | |
| Net Investment in Capital Assets | 9,714,282 | 2,579,150 | 453,386 | 8,670 | - | 1,053,347 | 144,188 | - | 13,953,023 |
| Restricted Net Position | - | - | 9,270 | - | - | - | - | - | 9,270 |
| Unrestricted Net Position | 4,413,215 | - | (366,014) | (7,531) | 24,602 | 1,295,847 | 107,187 | - | 5,467,306 |
| Total Net Position | 14,127,497 | 2,579,150 | 96,642 | 1,139 | 24,602 | 2,349,194 | 251,375 | - | 19,429,599 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 14,636,409 | \$ 2,718,013 | \$ 629,314 | \$ 8,670 | \$ 26,842 | \$ 2,386,484 | \$ 1,056,745 | \$ (394,994) | \$ 21,067,483 |

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
SEPTEMBER 30, 2016

| | Public Housing Program | Capital Fund Program | Housing Choice Vouchers | Hope VI | State/ Local | Business Activities | COCC | Elimination | Total |
|---|------------------------------|----------------------------|-------------------------------|-----------------|------------------|------------------------|-------------------|--------------------|----------------------|
| Operating Revenues | | | | | | | | | |
| Dwelling Rent | \$ 1,635,738 | \$ - | \$ - | \$ - | \$ - | \$ 259,603 | \$ - | \$ - | \$ 1,895,341 |
| Operating Grants | 2,078,615 | 298,649 | 11,354,981 | - | - | - | - | - | 13,732,245 |
| Other Income | 236,312 | - | 23,630 | - | - | 106,885 | 1,252,380 | (1,013,484) | 605,723 |
| Total Operating Revenues | 3,950,665 | 298,649 | 11,378,611 | - | - | 366,488 | 1,252,380 | (1,013,484) | 16,233,309 |
| Operating Expenses | | | | | | | | | |
| Administrative | 1,064,947 | 84,035 | 1,109,395 | - | 30 | 65,401 | 840,746 | (1,013,484) | 2,151,070 |
| Tenant Services | 49,328 | - | 33,198 | - | - | - | - | - | 82,526 |
| Utilities | 362,937 | - | 189 | - | - | 7,504 | 26,794 | - | 397,424 |
| Maintenance and Operations | 1,415,814 | - | 3,763 | - | - | 108,123 | 109,937 | - | 1,637,637 |
| General Expense | 368,578 | - | 59,358 | - | - | 23,224 | 123,453 | - | 574,613 |
| Housing Assistance Payments | - | - | 10,123,431 | - | - | - | - | - | 10,123,431 |
| Depreciation | 1,175,578 | 160,279 | 46,136 | 1,020 | - | 73,863 | 19,025 | - | 1,475,901 |
| Total Operating Expenses | 4,437,182 | 244,314 | 11,375,470 | 1,020 | 30 | 278,115 | 1,119,955 | (1,013,484) | 16,442,602 |
| Operating Income (Loss) | (486,517) | 54,335 | 3,141 | (1,020) | (30) | 88,373 | 132,425 | - | (209,293) |
| Non-Operating Revenues (Expenses) | | | | | | | | | |
| Investment Income | 7,063 | - | 72 | - | 8 | 1,027 | 949 | - | 9,119 |
| Interest from Mortgage Receivable | - | - | - | - | - | 57,428 | - | - | 57,428 |
| Total Non-Operating Rev/(Exp) | 7,063 | - | 72 | - | 8 | 58,455 | 949 | - | 66,547 |
| Increase (Decrease) in Net Position Before Capital Contributions and Transfers | (479,454) | 54,335 | 3,213 | (1,020) | (22) | 146,828 | 133,374 | - | (142,746) |
| Operating Transfers In (Out) | 167,064 | (214,614) | - | - | - | - | 47,550 | - | - |
| Capital Contributions | - | 1,000,483 | - | - | - | - | - | - | 1,000,483 |
| Increase (Decrease) in Net Position | (312,390) | 840,204 | 3,213 | (1,020) | (22) | 146,828 | 180,924 | - | 857,737 |
| Net Position, Beginning | 14,217,229 | 1,738,946 | 93,429 | 2,159 | 24,624 | 2,202,366 | 70,451 | - | 18,349,204 |
| Prior Period Adjustment | 222,658 | - | - | - | - | - | - | - | 222,658 |
| Net Position, Ending | \$ 14,127,497 | \$ 2,579,150 | \$ 96,642 | \$ 1,139 | \$ 24,602 | \$ 2,349,194 | \$ 251,375 | \$ - | \$ 19,429,599 |

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA
 SCHEDULE OF COMPLETED PROGRAM COSTS - CAPITAL FUND PROGRAM
 SEPTEMBER 30, 2016

| | Public Housing Capital Fund Program LA48P00250112 | |
|---------------------------|--|-----------------------------|
| Funds Approved | \$ | 835,304 |
| Funds Disbursed | | 835,304 |
| Excess Funds Approved | \$ | - |
| | | <u> </u> |
| | | <u> </u> |
| | | |
| Funds Advanced | \$ | 835,304 |
| Funds Disbursed | | 835,304 |
| Excess Funds (Deficiency) | \$ | - |
| | | <u> </u> |
| | | <u> </u> |

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

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
SUMMARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016

EXPENDITURES

| | |
|---|-----------------------|
| Low Rent Public Housing Expenditures Total CFDA Number 14.850a | <u>\$ 2,078,615</u> |
| Section 8 Housing Choice Vouchers Total CFDA Number 14.871 | <u>11,354,981</u> |
| Public Housing Capital Fund Program Total CFDA Number 14.872 | <u>1,299,132</u> |
| TOTAL HUD EXPENDITURES | <u>14,732,728</u> |
| TOTAL FEDERAL EXPENDITURES | <u>\$ 14,732,728</u> |

Basis of Presentation:

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT [LA002]
 SHREVEPORT, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2016

| | LOW RENT 14.850a | CAPITAL FUND PROGRAM 14.872 | HOUSING CHOICE VOUCHERS 14.871 | HOPE VI 14.866 | STATE/ LOCAL | BUSINESS ACTIVITIES | COCC | ELIMINATIONS | TOTAL | |
|--------------------------------------|---|--------------------------------------|---|-------------------|-----------------|------------------------|------------------|------------------|------------------|-------------------|
| ASSETS | | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | | |
| CASH | | | | | | | | | | |
| 111 | CASH UNRESTRICTED | 4,607,772 | - | - | - | 15,521 | 214,130 | 348,537 | - | 5,185,960 |
| 115 | CASH RESTRICTED FOR PAYMENT OF S/T DEBT | - | - | - | - | - | - | 47,550 | - | 47,550 |
| 112 | CASH RESTRICTED MODERNIZATION AND DEV | - | - | - | - | - | - | - | - | - |
| 113 | CASH OTHER RESTRICTED | 81,420 | - | 128,379 | - | - | - | - | - | 209,799 |
| 114 | CASH TENANT SECURITY DEPOSIT | 118,089 | - | - | - | 2,240 | 30,165 | - | - | 150,494 |
| 100 | TOTAL CASH | 4,807,281 | - | 128,379 | - | 17,761 | 244,295 | 396,087 | - | 5,593,803 |
| ACCOUNTS AND NOTES RECEIVABLE | | | | | | | | | | |
| 121 | A/R - PHA PROJECTS | - | - | - | - | - | - | - | - | - |
| 122 | A/R - HUD PROJECTS | - | 138,863 | - | - | - | - | - | - | 138,863 |
| 124 | A/R - OTHER GOVT | - | - | 810 | - | - | - | - | - | 810 |
| 125 | A/R - MISC | 1,833 | - | 8,851 | - | 9,081 | 19,393 | 9,256 | - | 48,414 |
| 126 | A/R - TENANTS DWELLING RENT | 98,056 | - | 1,023 | - | - | 14,400 | - | - | 113,479 |
| 126.1 | ALLOWANCE FOR D A - TENANTS | (48,481) | - | - | - | - | (11,373) | - | - | (59,854) |
| 126.2 | ALLOWANCE FOR D A - OTHER | - | - | - | - | - | - | - | - | - |
| 127 | NOTES AND MORTGAGES RECEIVABLE | - | - | - | - | - | - | - | - | - |
| 128 | FRAUD RECOVERY | - | - | - | - | - | - | - | - | - |
| 128.1 | ALLOWANCE FOR FRAUD RECOVERY | - | - | - | - | - | - | - | - | - |
| 129 | ACCRUED INTEREST RECEIVABLE | - | - | - | - | - | - | - | - | - |
| 120 | TOTAL RECEIVABLES NET OF ALLOW | 51,408 | 138,863 | 10,684 | - | 9,081 | 22,420 | 9,256 | - | 241,712 |
| CURRENT INVESTMENTS | | | | | | | | | | |
| 131 | INVESTMENTS - UNRESTRICTED | - | - | - | - | - | - | - | - | - |
| 135 | INVESTMENTS RESTRICTED PYMT S/T DEBT | - | - | - | - | - | - | - | - | - |
| 132 | INVESTMENTS - RESTRICTED | - | - | - | - | - | - | - | - | - |
| 142 | PREPAID COSTS | 8,575 | - | 36,865 | - | - | - | 167,083 | - | 212,523 |
| 143 | INVENTORIES - MATERIALS | - | - | - | - | - | - | - | - | - |
| 143.1 | ALLOWANCE FOR OBSOLETE INV | - | - | - | - | - | - | - | - | - |
| 144 | INTERPROGRAM DUE FROM | 54,863 | - | - | - | - | - | 340,131 | (394,994) | - |
| 145 | ASSETS HELD FOR SALE | - | - | - | - | - | - | - | - | - |
| 150 | TOTAL CURRENT ASSETS | 4,922,127 | 138,863 | 175,928 | - | 26,842 | 266,715 | 912,557 | (394,994) | 6,048,038 |
| NONCURRENT ASSETS | | | | | | | | | | |
| FIXED ASSETS | | | | | | | | | | |
| 161 | LAND | 1,659,715 | - | - | - | - | 255,713 | - | - | 1,915,428 |
| 168 | INFRASTRUCTURE | - | - | - | - | - | - | - | - | - |
| 162 | BUILDINGS | 42,606,655 | 1,774,182 | 887,650 | 15,300 | - | 2,585,075 | 39,611 | - | 47,908,473 |
| 163 | FURNITURE & EQUIPMENT - DWELLINGS | 633,849 | 120,139 | 511,882 | - | - | 4,762 | - | - | 1,270,632 |
| 164 | FURNITURE & EQUIPMENT - ADMINISTR | 702,654 | 471,658 | - | - | 4,770 | 59,412 | 341,296 | - | 1,579,790 |
| 165 | LEASEHOLD IMPROVEMENTS | 892,289 | 15,185 | - | - | - | 39,370 | 97,925 | - | 1,044,769 |
| 167 | CONSTRUCTION IN PROGRESS | - | 704,963 | - | - | - | - | - | - | 704,963 |
| 166 | ACCUMULATED DEPRECIATION | (36,780,880) | (506,977) | (946,146) | (6,630) | (4,770) | (1,890,985) | (334,644) | - | (40,471,032) |
| 160 | TOTAL FIXED ASSETS, NET OF DEPR | 9,714,282 | 2,579,150 | 453,386 | 8,670 | - | 1,053,347 | 144,188 | - | 13,953,023 |
| 171 | NOTES & MORTGAGES RECEIVABLE - N/C | - | - | - | - | - | 1,066,422 | - | - | 1,066,422 |
| 172 | NOTES & MORTGAGES RECEIVABLE - PD | - | - | - | - | - | - | - | - | - |
| 173 | GRANTS RECEIVABLE - NONCURRENT | - | - | - | - | - | - | - | - | - |
| 174 | OTHER ASSETS | - | - | - | - | - | - | - | - | - |
| 176 | INVESTMENT IN JOINT VENTURES | - | - | - | - | - | - | - | - | - |
| 180 | TOTAL NONCURRENT ASSETS | 9,714,282 | 2,579,150 | 453,386 | 8,670 | - | 2,119,769 | 144,188 | - | 15,019,445 |
| 200 | DEFERRED OUTFLOWS OF RESOURCES | - | - | - | - | - | - | - | - | - |
| 290 | TOTAL ASSETS | 14,636,409 | 2,718,013 | 629,314 | 8,670 | 26,842 | 2,386,484 | 1,056,745 | (394,994) | 21,067,483 |
| LIABILITIES AND EQUITY | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | |

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT [LA002]
 SHREVEPORT, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2016

| | LOW RENT 14.850a | CAPITAL FUND PROGRAM 14.872 | HOUSING CHOICE VOUCHERS 14.871 | HOPE VI 14.866 | STATE/ LOCAL | BUSINESS ACTIVITIES | COCC | ELIMINATIONS | TOTAL | |
|-------|---|--------------------------------------|---|-------------------|-----------------|------------------------|-----------|--------------|-------------|------------|
| 311 | BANK OVERDRAFT | - | - | - | - | - | - | - | - | |
| 312 | A/P < 90 DAYS | 110,106 | 84,000 | 18,523 | - | 3,031 | 67,502 | - | 283,162 | |
| 313 | A/P > 90 DAYS | - | - | - | - | - | - | - | - | |
| 321 | ACCRUED WAGE/PAYROLL TAXES PAYABLE | - | - | - | - | - | 27,568 | - | 27,568 | |
| 322 | ACCRUED COMPENSATED ABSENCES | 27,103 | - | 12,869 | - | 1,797 | 22,240 | - | 64,009 | |
| 324 | ACCRUED CONTINGENCY LIABILITY | - | - | - | - | - | - | - | - | |
| 325 | ACCRUED INTEREST PAYABLE | - | - | - | - | - | - | - | - | |
| 331 | ACCOUNTS PAYABLE - HUD PHA PROGRAMS | - | - | 25,013 | - | - | - | - | 25,013 | |
| 332 | ACCOUNTS PAYABLE - PHA PROJECTS | - | - | 600 | - | - | - | - | 122,369 | |
| 333 | ACCOUNTS PAYABLE OTHER GOVT | 121,769 | - | - | - | - | - | - | 150,494 | |
| 341 | TENANT SECURITY DEPOSIT | 118,089 | - | - | 2,240 | 30,165 | - | - | 34,411 | |
| 342 | UNEARNED REVENUES | 23,322 | - | 11,089 | - | - | - | - | - | |
| 343 | CURRENT PORTION OF LT DEBT CAPITAL | - | - | - | - | - | - | - | - | |
| 344 | CURRENT PORTION OF LT DEBT OPERATING | - | - | - | - | - | 47,550 | - | 47,550 | |
| 348 | LOAN LIABILITIES - CURRENT | - | - | - | - | 500 | 116 | - | 616 | |
| 345 | OTHER CURRENT LIABILITIES | - | - | - | - | - | - | - | - | |
| 346 | ACCRUED LIABILITIES - OTHER | - | - | - | - | - | - | (394,994) | - | |
| 347 | INTERPROGRAM DUE TO | - | 54,863 | 332,600 | 7,531 | - | - | (394,994) | 755,192 | |
| 310 | TOTAL CURRENT LIABILITIES | 400,389 | 138,863 | 400,694 | 7,531 | 2,240 | 35,493 | 164,976 | - | |
| | NONCURRENT LIABILITIES | - | - | - | - | - | - | - | - | |
| 351 | LONG TERM DEBT NET OF CURRENT CAPITAL | - | - | - | - | - | - | - | - | |
| 352 | LONG TERM DEBT NET OF CURRENT OPERATING | - | - | - | - | 1,797 | 22,240 | - | 64,009 | |
| 354 | LONG TERM PORTION OF COMPENSATED ABSENC | 27,103 | - | 12,869 | - | - | 618,154 | - | 618,154 | |
| 355 | LOAN LIABILITIES - OTHER | - | - | - | - | - | - | - | 200,529 | |
| 353 | NONCURRENT LIABILITIES OTHER | 81,420 | - | 119,109 | - | 1,797 | 640,394 | - | 882,692 | |
| 350 | TOTAL NONCURRENT LIABILITIES | 108,523 | - | 131,978 | - | - | - | - | - | |
| 300 | TOTAL LIABILITIES | 508,912 | 138,863 | 532,672 | 7,531 | 2,240 | 37,290 | 805,370 | (394,994) | 1,637,884 |
| 400 | DEFERRED INFLOWS OF RESOURCES | - | - | - | - | - | - | - | - | |
| 508.4 | NET INVESTMENT IN CAPITAL ASSETS | 9,714,282 | 2,579,150 | 453,386 | 8,670 | - | 1,053,347 | 144,188 | - | 13,953,023 |
| 511.4 | RESTRICTED NET POSITION | - | - | 9,270 | - | - | - | - | - | 9,270 |
| 512.1 | UNRESTRICTED NET POSITION | 4,413,215 | - | (366,014) | (7,531) | 24,602 | 1,295,847 | 107,187 | - | 5,467,306 |
| 513 | TOTAL EQUITY | 14,127,497 | 2,579,150 | 96,642 | 1,139 | 24,602 | 2,349,194 | 251,375 | - | 19,429,599 |
| 600 | TOTAL LIABILITIES, DEF. INFLOWS OF RES & EQUITY | 14,636,409 | 2,718,013 | 629,314 | 8,670 | 26,842 | 2,386,484 | 1,056,745 | (394,994) | 21,067,483 |
| | REVENUE | - | - | - | - | - | 252,114 | - | - | 1,762,209 |
| 70300 | NET TENANT RENTAL REVENUE | 1,510,095 | - | - | - | - | - | - | - | 133,132 |
| 70400 | TENANT REVENUE - OTHER | 125,643 | - | - | - | - | 7,489 | - | - | 1,895,341 |
| 70500 | TOTAL TENANT REVENUE | 1,635,738 | - | - | - | - | 259,603 | - | - | 13,732,245 |
| 70600 | HUD PHA GRANTS | 2,078,615 | 298,649 | 11,354,981 | - | - | - | - | - | 1,000,483 |
| 70610 | CAPITAL GRANTS RECEIVED | - | 1,000,483 | - | - | - | - | 699,309 | (699,309) | - |
| 70710 | MANAGEMENT FEE | - | - | - | - | - | - | 85,440 | (85,440) | - |
| 70720 | ASSET MANAGEMENT FEE | - | - | - | - | - | - | 228,735 | (228,735) | - |
| 70730 | BOOK-KEEPING FEE | - | - | - | - | - | - | - | - | - |
| 70750 | OTHER FEES | - | - | - | - | - | - | - | - | - |
| 70800 | OTHER GOVT GRANTS | - | - | - | - | - | - | - | - | - |
| 71000 | SEC 8 INCOME | - | - | 72 | - | 8 | 1,027 | 949 | - | 9,072 |
| 71100 | INVESTMENT INCOME - UNRESTRICTED | 7,016 | - | - | - | - | 57,428 | - | - | 57,428 |
| 71200 | MORTGAGE INTEREST INCOME | - | - | - | - | - | - | - | - | - |
| 71300 | PROCEEDS FROM DISPOSITION OF ASSETS HELD FOR SALE | - | - | - | - | - | - | - | - | - |
| 71310 | COST OF SALE OF ASSETS | - | - | - | - | - | - | - | - | 16,261 |
| 71400 | FRAUD RECOVERY | - | - | 16,261 | - | - | - | - | - | 589,462 |
| 71500 | OTHER REVENUE | 236,312 | - | 7,369 | - | - | 106,885 | 238,896 | - | - |
| 71600 | GAIN OR LOSS ON THE DISPOSAL OF CAPITAL ASSETS | - | - | - | - | - | - | - | - | 47 |
| 72000 | INVESTMENT INCOME - RESTRICTED | 47 | - | - | - | - | - | - | - | - |
| 70000 | TOTAL REVENUE | 3,957,728 | 1,299,132 | 11,378,683 | - | 8 | 424,943 | 1,253,329 | (1,013,484) | 17,300,339 |

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT [LA002]
 SHREVEPORT, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2016

| | LOW RENT 14.850a | CAPITAL FUND PROGRAM 14.872 | HOUSING CHOICE VOUCHERS 14.871 | HOPE VI 14.866 | STATE/ LOCAL | BUSINESS ACTIVITIES | COCC | ELIMINATIONS | TOTAL | |
|---|--|--------------------------------------|---|-------------------|-----------------|------------------------|---------|--------------|-------------|------------|
| EXPENSES | | | | | | | | | | |
| ADMINISTRATIVE | | | | | | | | | | |
| 91100 | ADMINISTRATIVE SALARIES | 167,289 | - | 359,381 | - | - | 19,454 | 476,485 | - | 1,022,609 |
| 91200 | AUDITING FEES | 26,835 | - | 16,576 | - | - | 3,570 | 9,015 | - | 55,996 |
| 91300 | MANAGEMENT FEES | 323,594 | 84,035 | 271,848 | - | - | 19,832 | - | (699,309) | - |
| 91310 | BOOKKEEPING FEE | 55,448 | - | 169,919 | - | - | 3,368 | - | (228,735) | - |
| 91400 | ADVERTISING AND MARKETING | - | - | 205 | - | - | 684 | 2,312 | - | 3,201 |
| 91500 | EMPLOYEE BENEFIT CONTRIBUTION | 71,784 | - | 139,752 | - | - | 7,740 | 119,160 | - | 338,436 |
| 91600 | OFFICE EXPENSE | 13,769 | - | 45,017 | - | - | 438 | 65,901 | - | 125,125 |
| 91700 | LEGAL | - | - | 9,713 | - | - | - | 14,196 | - | 23,909 |
| 91800 | TRAVEL | 5,745 | - | 1,412 | - | - | - | 17,638 | - | 24,795 |
| 91900 | OTHER OPERATING ADMINISTRATIVE | 320,683 | - | 95,572 | - | 30 | 4,675 | 136,039 | - | 556,999 |
| 92000 | ASSET MANAGEMENT FEE | 79,800 | - | - | - | - | 5,640 | - | (85,440) | - |
| TENANT SERVICES | | | | | | | | | | |
| 92100 | TENANT SERVICES SALARIES | 30,934 | - | 28,835 | - | - | - | - | - | 59,769 |
| 92200 | RELOCATION COSTS | 4,904 | - | - | - | - | - | - | - | 4,904 |
| 92300 | EMPLOYEE BENEFIT CONTRIBUTION | 9,664 | - | 3,946 | - | - | - | - | - | 13,610 |
| 92400 | TENANT SERVICES OTHER | 3,826 | - | 417 | - | - | - | - | - | 4,243 |
| UTILITIES | | | | | | | | | | |
| 93100 | WATER | 74,108 | - | - | - | - | 1,415 | 1,593 | - | 77,116 |
| 93200 | ELECTRICITY | 123,159 | - | 189 | - | - | 2,407 | 19,196 | - | 144,951 |
| 93300 | GAS | 15,992 | - | - | - | - | 2,404 | 3,585 | - | 21,981 |
| 93400 | FUEL | - | - | - | - | - | - | - | - | - |
| 93500 | LABOR | - | - | - | - | - | - | - | - | - |
| 93600 | SEWER | - | - | - | - | - | - | - | - | - |
| 93700 | EMPLOYEE BENEFIT CONTRIBUTION UTILITY | - | - | - | - | - | - | - | - | - |
| 93800 | OTHER UTILITIES | 149,678 | - | - | - | - | 1,278 | 2,420 | - | 153,376 |
| ORDINARY MAINTENANCE & OPERATION | | | | | | | | | | |
| 94100 | ORDINARY MAINT AND OP LABOR | 457,102 | - | - | - | - | 32,050 | - | - | 489,152 |
| 94200 | ORDINARY MAINTENANCE AND OP MATERIALS | 234,073 | - | 3,416 | - | - | 15,217 | 7,877 | - | 260,583 |
| 94300 | ORDINARY MAINTENANCE AND OP CONTRACT | 501,810 | - | 347 | - | - | 42,237 | 38,558 | - | 582,952 |
| 94500 | EMPLOYEE BENEFIT CONTRIBUTION | 160,622 | - | - | - | - | 18,619 | 2 | - | 179,243 |
| PROTECTIVE SERVICES | | | | | | | | | | |
| 95100 | PROTECTIVE SERVICES - LABOR | - | - | - | - | - | - | - | - | - |
| 95200 | PROTECTIVE SERVICES - OTHER CONTRACT COSTS | - | - | - | - | - | - | - | - | - |
| 95300 | PROTECTIVE SERVICES - OTHER | - | - | - | - | - | - | - | - | - |
| 95500 | EMPLOYEE BENEFIT CONTRIBUTION PS | - | - | - | - | - | - | - | - | - |
| GENERAL EXPENSES | | | | | | | | | | |
| 96100 | INSURANCE PREMIUMS | 183,840 | - | 56,737 | - | - | 13,892 | 109,294 | - | 363,763 |
| 96200 | OTHER GENERAL EXPENSE | 32,953 | - | - | - | - | - | 10,371 | - | 43,324 |
| 96210 | COMPENSATED ABSENCES | 11,816 | - | 2,621 | - | - | 5,527 | 3,788 | - | 23,752 |
| 96300 | PAYMENTS IN LIEU OF TAXES | 127,485 | - | - | - | - | - | - | - | 127,485 |
| 96400 | BAD DEBT - TENANT | 12,484 | - | - | - | - | 3,805 | - | - | 16,289 |
| 96500 | BAD DEBT - MORTGAGES | - | - | - | - | - | - | - | - | - |
| 96600 | BAD DEBT - OTHER | - | - | - | - | - | - | - | - | - |
| 96700 | INTEREST EXPENSE | - | - | - | - | - | - | - | - | - |
| 96730 | AMORTIZATION OF BOND ISSUE COSTS | - | - | - | - | - | - | - | - | - |
| 96800 | SEVERANCE EXPENSE | - | - | - | - | - | - | - | - | - |
| 96900 | TOTAL OPERATING EXPENSES | 3,199,397 | 84,035 | 1,205,903 | - | 30 | 204,252 | 1,037,430 | (1,013,484) | 4,717,563 |
| 97000 | EXCESS OPERATING REVENUE OVER OP EXP | 758,331 | 1,215,097 | 10,172,780 | - | (22) | 220,691 | 215,899 | - | 12,582,776 |
| 97100 | EXTRAORDINARY MAINTENANCE | 62,207 | - | - | - | - | - | - | - | 62,207 |
| 97200 | CASUALTY LOSSES - NON CAPITALIZED | - | - | - | - | - | - | 63,500 | - | 63,500 |
| 97300 | HAP | - | - | 10,110,203 | - | - | - | - | - | 10,110,203 |
| 97350 | HAP - PORTABILITY IN | - | - | 13,228 | - | - | - | - | - | 13,228 |
| 97400 | DEPRECIATION EXPENSE | 1,175,578 | 160,279 | 46,136 | 1,020 | - | 73,863 | 19,025 | - | 1,475,901 |
| 97500 | FRAUD LOSSES | - | - | - | - | - | - | - | - | - |

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT [LA002]
 SHREVEPORT, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2016

| | LOW RENT 14.850a | CAPITAL FUND PROGRAM 14.872 | HOUSING CHOICE VOUCHERS 14.871 | HOPE VI 14.866 | STATE/ LOCAL | BUSINESS ACTIVITIES | COCC | ELIMINATIONS | TOTAL |
|-------|---------------------|--------------------------------------|---|-------------------|-----------------|------------------------|-----------|--------------|------------|
| 97600 | | | | | | | | | |
| 97700 | | | | | | | | | |
| 97800 | | | | | | | | | |
| 90000 | 4,437,182 | 244,314 | 11,375,470 | 1,020 | 30 | 278,115 | 1,119,955 | (1,013,484) | 16,442,602 |
| 10010 | 167,064 | - | - | - | - | - | 47,550 | (214,614) | - |
| 10020 | - | (214,614) | - | - | - | - | - | 214,614 | - |
| 10060 | - | - | - | - | - | - | - | - | - |
| 10070 | - | - | - | - | - | - | - | - | - |
| 10080 | - | - | - | - | - | - | - | - | - |
| 10100 | 167,064 | (214,614) | - | - | - | - | 47,550 | - | - |
| 10000 | (312,390) | 840,204 | 3,213 | (1,020) | (22) | 146,828 | 180,924 | - | 857,737 |
| 11030 | 14,217,229 | 1,738,946 | 93,429 | 2,159 | 24,624 | 2,202,366 | 70,451 | - | 18,349,204 |
| 11040 | 222,658 | - | - | - | - | - | - | - | 222,658 |
| | 14,127,497 | 2,579,150 | 96,642 | 1,139 | 24,602 | 2,349,194 | 251,375 | - | 19,429,599 |
| 11200 | 7,980 | - | 40,332 | - | - | 564 | - | - | 48,876 |
| 11210 | 7,649 | - | 22,594 | - | - | 550 | - | - | 30,793 |
| 11170 | - | - | 87,372 | - | - | - | - | - | 87,372 |
| 11180 | - | - | 9,270 | - | - | - | - | - | 9,270 |
| 11610 | - | - | - | - | - | - | - | - | - |
| 11620 | - | 704,963 | - | - | - | - | - | - | 704,963 |
| 11630 | - | - | - | - | - | - | - | - | - |
| 11640 | - | 295,520 | - | - | - | - | - | - | 295,520 |
| 11650 | - | - | - | - | - | - | - | - | - |
| 13901 | - | 167,064 | - | - | - | - | - | - | 167,064 |

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO EXECUTIVE
DIRECTOR

YEAR ENDED SEPTEMBER 30, 2016

Agency Head Name: Bobby R. Collins Executive Director

| Purpose | Amount |
|--|-----------|
| Salary | \$140,000 |
| Benefits-insurance | 0 |
| Benefits-retirement | 11,200 |
| Benefits-<list any other here> | 16,800 |
| Car allowance | 6,000 |
| Vehicle provided by government | 0 |
| Per diem | 2,721 |
| Reimbursements | 0 |
| Travel | 0 |
| Registration fees | 0 |
| Conference travel | 1,640 |
| Continuing professional education fees | 5,521 |
| Housing | 0 |
| Unvouchered expenses* | 0 |
| Special meals | 0 |
| | |

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2016

Section I: Summary of Auditor's Results:

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

| <u>Name of Federal Program</u> | <u>CFDA No.</u> |
|--------------------------------|-----------------|
| Housing Choice Vouchers | 14.871 |
| Public Housing Capital Fund | 14.872 |

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

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

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2016

Section II: Financial Statement Findings:

Prior Year Findings and Questioned Costs:

None Noted

Current Year Findings and Questioned Costs:

Finding 2016-001 – Internal Control over Financial Reporting – Bank Reconciliations

Criteria:

Financial statements should be prepared in accordance with generally accepted accounting principles (GAAP). Periodic reviews should be performed to ensure that all transactions relating to the fiscal year have been recorded in the correct account and entered in the correct amount. In addition, since the implementation of SAS No. 115 and other guidance, organizations have been reminded that they cannot rely on their external auditors as an "internal control"

Condition and Cause:

During the fiscal year the general fund bank account and the 149 bank account were not being timely reconciled. This resulted in material audit adjustments to the bank accounts. This is considered a material weakness.

Recommendation:

All bank accounts should be reviewed and reconciled on a regular basis to locate and correct errors within the general ledger.

Reply and Corrective Action Plan:

The Authority has consulted with their Fee Accountant to remedy this finding. Processes have been put in place to ensure that bank reconciliations are performed in a timely manner including the addition of staff dedicated to the bank reconciliation function. As of the date of this audit report, the Authority is current with all bank reconciliations.

Finding 2016-002 – Internal Control over Financial Reporting – Depreciation Schedules

Criteria:

Internal controls should be in place to provide reasonable assurance that the financial statements are materially correct.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2016

Section II: Financial Statement Findings - Continued:

Current Year Findings and Questioned Costs - Continued:

Finding 2016-002 – Internal Control over Financial Reporting – Depreciation Schedules

Condition:

The Authority had a material prior period adjustment during the fiscal year. There was a major malfunction in the computer that contained the depreciation schedule for the Authority. The depreciation schedule was lost and could not be retrieved. The depreciation schedule had to be recreated. While recreating the depreciation schedule it was determined an error had been made in the 2012 depreciation calculation that led to depreciation being overstated by \$222,658 in the prior years. This is considered a material weakness.

Recommendation:

The Authority should review controls to ensure the financial statements and depreciation schedules are materially correct each year.

Reply and Corrective Action Plan:

The software used to maintain the fixed assets register and associated depreciation schedule was on a standalone system that became impaired during the year. As a result, the data was not retrievable for the final preparation of the requisite schedules. The auditor was able to provide historical information, which upon review, revealed that the 2012-2013 timeframe a building had been over depreciated. The Authority now has a comprehensive and detailed schedule of fixed assets to carry forward. Processes have been put in place to ensure that the assets are depreciated appropriately and accordingly.

Section III: Federal Award Findings and Questioned Costs:

Prior Year Findings and Questioned Costs:

Finding 2015 – 001 – Housing Choice Vouchers Tenant Files

Housing Choice Vouchers – CFDA 14.871; Grant period – Year ended September 30, 2015

Condition & Cause:

A review of tenant files revealed errors and omissions in most of the files that leads to incomplete tenant documentation. The results of the review are as follows:

1. Of the 40 tenant files, reviewed, 5 did not contain a lead based paint form.
2. Of the 40 tenant files reviewed, 3 did not contain a current HAP contract.
3. Of the 40 files reviewed, 2 did not contain a tenancy approval form.
4. Of the 40 files reviewed, 1 did not contain a rent reasonableness form.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2016

Section III: Federal Award Findings and Questioned Costs - continued:

Current Year Status:

A current year review of 40 tenant files was performed and all documentation was found to be complete. This finding is cleared.

Current Year Findings and Questioned Costs

Finding 2016-003 – Timely Completion and Submission of the Annual Audit

Criteria:

Pursuant to the requirements of Louisiana Revised Statute 24:513, the Authority is required to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Louisiana Legislative Auditor's Office.

Condition and Cause:

The Authority failed to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Legislative Auditor's Office.

Questioned Costs – None Identified

Recommendation:

We recommend that the Authority review procedures in order to insure the timely completion of financial records and the submission of the annual audit report.

Reply:

The Authority's Fee Accountant suffered a medical emergency during a critical period of the annual audit process. As a result, a staffing change was required that positioned the Authority to request an extension for the submission of the audit to the Louisiana Legislative Auditor. A year-end critical path checklist with dates and responsibilities has been implemented for future audits to ensure timely completion of the financial records and submission of the audit report.