

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

**Annual Financial Report
As of and for the Year Ended June 30, 2005**

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

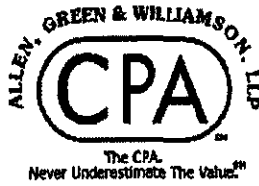
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Housing Authority of the City of Alexandria, as of and for the year ended June 30, 2005, which collectively comprise the Housing Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Housing Authority as of June 30, 2005, the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2005, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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.

The Management's Discussion and Analysis on pages four to eight are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the Housing Authority's basic financial statements. The accompanying information identified in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Also, the schedule of expenditures of federal awards, which is required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Housing Authority. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 23, 2005

Housing Authority of the City of Alexandria

**REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

Housing Authority of the City of Alexandria
Management's Discussion and Analysis (MD&A)
June 30, 2005

As management of the Housing Authority of the City of Alexandria, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the City of Alexandria, P.O. Box 8219, Alexandria, LA 71306.

Financial Highlights

- The assets of the Authority exceeded its liabilities as of June 30, 2005 by \$21,069,267 (net assets)
- The Authority's cash and cash equivalent balance as of June 30, 2005 was \$898,893 representing an decrease of \$618,626.
- The Authority had intergovernmental revenue of \$5,407,009 in HUD operating subsidies, \$781,105 in operating grants, and \$1,279,001 in capital grants for the year ended June 30, 2005.
- The Authority administers federal, state and local grants to benefit the low income and elderly citizens of Alexandria.
- The Authority received a 100% score related to their SEMAP for the fiscal year ended June 30, 2005.
- The Authority received a 22.87% score related to their unaudited electronic Financial Data Schedule submission to the HUD Real Estate Assessment Center (REAC) for the year ended June 30, 2005. This represents a decrease of approximately .5% from the audited electronic submission to HUD REAC for the year ended June 30, 2004.

Overview of Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Balance Sheet – reports the Authority's assets and liabilities at the end of the operating year and provides information about the nature and amounts of investment of resources and obligations to creditors.
- Statement of Revenues, Expenses, and Changes in Net Assets – the results of activity over the course of the current year. It details the costs associated with operating the Authority and how those costs were funded. It also provides an explanation of the change in net assets from the previous operating period to the current operating period.
- Statement of Cash Flows – reports the Authority's cash flows in and out from operating, investing and financing activities. It details the sources of the Authority's cash, what it was used for, and the change in cash over the course of the operating year.
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provide in the financial statements. The notes to the financial statements begin on page 15 of this report.
- Other information in addition to the basic financial statements and accompanying notes, presents certain supplementary information regarding the Authority's electronic data submitted to HUD REAC. Supplementary information can be found beginning on page 26 of this report.

Housing Authority of the City of Alexandria
Management's Discussion and Analysis (MD&A)
June 30, 2005

Our analysis of the Authority as a whole begins on this page. The most important question asked about the Authority's finances is, "Is the Authority, as a whole, better or worse off as a result of the year's activities?"

The attached analysis of entity wide net assets, revenue, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net assets and changes in them. You can think of the Authority's net assets as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net assets analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

Total Assets for Year Ending June 2005 was \$22,494,410 and at Year Ending June 2004 the amount was \$22,657,401. This represents a net decrease of \$138,231. This decrease is the function of current depreciation exceeding current and restricted assets, as well as, capital outlays completed during the year.

Current Assets increased by \$15,015.

Net Capital Assets decreased by \$147,976. The Authority realized a net decrease in capital assets because current depreciation exceeded capital outlays. Note that Accumulated Depreciation lowers the values of capital assets.

Current Liabilities increased from \$1,365,982 in Year Ending June 2005 to \$752,978 in Year Ending June 2004. This increase of \$613,004 was the result of increases in amounts outstanding at year-end in payables to other governments and increases in the amounts accrued for deferred revenues.

Non-current Liabilities increased by \$4,849. This increase represents an addition of accrued compensated absences from the prior year.

Net Assets – The difference between an organization's assets and its liabilities is its net assets. Net assets are categorized as one of three types.

1. **Invested in capital assets, net of related debt** – Capital assets, net of accumulated depreciation and reduced by debt attributable to the acquisition of those assets;
2. **Restricted** – net assets whose use is subject to constraints imposed by law or agreement;
3. **Unrestricted** – net assets that are neither invested in capital assets nor restricted.

Housing Authority of the City of Alexandria
Management's Discussion and Analysis (MD&A)
June 30, 2005

Housing Authority of the City of Alexandria Net Assets

	<u>2004</u>	<u>2005</u>
Current assets	\$ 2,203,581	\$ 1,867,939
Restricted assets	71,334	391,961
Capital assets (net)	<u>20,382,486</u>	<u>20,234,510</u>
Total assets	<u>22,657,401</u>	<u>22,494,410</u>
Current liabilities	752,978	1,317,524
Tenant security deposits		48,458
Current Liabilities Payable for Restricted Current Assets	71,334	
Long-term liabilities	<u>54,312</u>	<u>59,161</u>
Total Liabilities	<u>878,624</u>	<u>1,425,143</u>
Invested in capital assets (net)	20,382,486	20,234,510
Restricted Net Assets	653,303	653,303
Unrestricted Net Assets	<u>742,988</u>	<u>181,454</u>
Total Net Assets	<u>21,778,777</u>	<u>21,069,267</u>
Total Liabilities and Net Assets	<u>\$22,657,401</u>	<u>\$22,494,410</u>

In Year Ending June 2005 and Year Ending June 2004, total revenue was \$8,163,553 and \$7,028,356, respectively. Comparatively, Year Ending June 2005 revenue was more than Year Ending June 2004 revenue by \$1,135,197. The primary result was due to increases in HUD operating subsidies and operating grant revenues.

Total Operating Expenses increased by 10.38% in Year Ending June 2005 as compared to Year Ending June 2004. This is the net result of general increases in administrative costs and tenant services as well as increases in housing assistance payments and depreciation expense. Also included was a decrease in repairs and maintenance by 14.16%.

Housing Assistance Payments increased by \$177,164 or 5.64% as compared to Year Ending June 2004.

Utilities increased by \$7,418 or 7.53% as compared to Year Ending June 2004.

Repairs Maintenance expenditures decreased by \$155,155 or 14.16% as compared to Year Ending June 2004. This is due to increased activity in capital outlays during the year, thus reducing the amount of repair and material costs incurred in unit turnaround efforts.

Housing Authority of the City of Alexandria
Management's Discussion and Analysis (MD&A)
June 30, 2005

Housing Authority of the City of Alexandria Changes in Net Assets

	<u>2004</u>	<u>2005</u>
Revenues:		
Operating revenues:		
Annual contributions – HAP	\$ 0	\$ 3,321,118
HUD administrative fee	0	429,744
Public housing operating subsidy		1,656,147
Other Tenant Revenue	102,958	
Operating grants	5,148,813	781,105
Dwelling rental	409,653	502,624
Nonoperating revenues:		
Capital grants	1,174,067	1,279,001
Interest revenue	192,865	8,214
Miscellaneous	<u>0</u>	<u>185,600</u>
Total revenues	<u>7,028,356</u>	<u>8,163,553</u>
Expenses:		
Housing assistance payments	3,143,954	3,321,118
General and administrative	1,703,510	1,992,542
Repairs and maintenance	1,095,559	940,602
Utilities	98,566	105,984
Tenant services	241,484	640,348
Protection services	181,319	169,438
Depreciation and amortization	1,522,912	1,703,031
Nonoperating expenses:		
Interest expense	0	0
Miscellaneous	<u>0</u>	<u>0</u>
Total expenses	<u>7,987,304</u>	<u>8,873,063</u>
(Decrease) in net assets	(958,948)	(709,510)
Net assets – 07/1	<u>22,737,725</u>	<u>21,778,777</u>
Net assets – 06/30	<u>\$21,778,777</u>	<u>\$21,069,267</u>

Housing Authority of the City of Alexandria
Management's Discussion and Analysis (MD&A)
June 30, 2005

Capital Asset and Debt Administration

Capital assets. The Housing Authority of the City of Alexandria's investment in capital assets as of June 30, 2005, amounts to \$20,234,510 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment. The total decrease in the Housing Authority of the City of Alexandria's investment in capital assets for the current operating year was .73%.

Housing Authority of the City of Alexandria's Capital Assets

	<u>2004</u>	<u>2005</u>
Land	\$ 721,403	\$ 721,403
Buildings and improvements	34,743,468	34,488,969
Furniture and equipment	1,512,452	2,071,775
Construction in process	<u>1,379,834</u>	<u>2,630,064</u>
Total	<u>\$38,357,157</u>	<u>\$39,912,211</u>

Additional information on the Housing Authority of the City of Alexandria's capital assets can be found in note 4 on page 19 of this report.

Debt. Long-term debt includes accrued annual vacation leave to employees and liabilities to tenants for escrow deposits. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

Housing Authority of the City of Alexandria

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**ENTERPRISE FUNDS
Balance Sheet
June 30, 2005**

Statement A

	<u>GENERAL</u>	<u>SECTION 8</u>	<u>OTHER ENTERPRISE</u>	<u>TOTAL</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 500,183	\$ 323,561	\$ 75,149	\$ 898,893
Accounts receivable, net	144,480	58,184	37,597	240,261
Interfund receivable	69,038	120,337	318,856	508,231
Prepaid items and other assets	161,006	13,468	1,292	175,766
Inventory	44,788	0	0	44,788
Restricted Assets				
Restricted deposits	<u>47,258</u>	<u>0</u>	<u>344,703</u>	<u>391,961</u>
Total Current Assets	<u>966,753</u>	<u>515,550</u>	<u>777,597</u>	<u>2,259,900</u>
Capital Assets				
Land, buildings, and equipment (net of accumulated depreciation)	<u>19,982,009</u>	<u>36,859</u>	<u>215,642</u>	<u>20,234,510</u>
TOTAL ASSETS	<u>\$ 20,948,762</u>	<u>\$ 552,409</u>	<u>\$ 993,239</u>	<u>\$ 22,494,410</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**ENTERPRISE FUNDS
Balance Sheet
June 30, 2005**

Statement A

	<u>GENERAL</u>	<u>SECTION 8</u>	<u>OTHER ENTERPRISE</u>	<u>TOTAL</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 248,734	\$ 0	\$ 0	\$ 248,734
Interfund payable	439,193	32,513	36,525	508,231
Deferred revenue	10,646	498,398	0	509,044
Current portion of compensated absences	40,452	10,793	270	51,515
Current Liabilities Payable From Current Restricted Assets				
Deposits due others	<u>47,258</u>	<u>0</u>	<u>1,200</u>	<u>48,458</u>
Total Current Liabilities	<u>786,283</u>	<u>541,704</u>	<u>37,995</u>	<u>1,365,982</u>
Noncurrent Liabilities				
Compensated absences payable	<u>45,599</u>	<u>12,967</u>	<u>595</u>	<u>59,161</u>
Total Noncurrent Liabilities	<u>45,599</u>	<u>12,967</u>	<u>595</u>	<u>59,161</u>
Total Liabilities	<u>831,882</u>	<u>554,671</u>	<u>38,590</u>	<u>1,425,143</u>
NET ASSETS				
Invested in capital assets, net of related debt	19,982,009	36,859	215,642	20,234,510
Restricted	0	0	653,303	653,303
Unrestricted	<u>134,871</u>	<u>(39,121)</u>	<u>85,704</u>	<u>181,454</u>
NET ASSETS	<u>20,116,880</u>	<u>(2,262)</u>	<u>954,649</u>	<u>21,069,267</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,948,762</u>	<u>\$ 552,409</u>	<u>\$ 993,239</u>	<u>\$ 22,494,410</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**ENTERPRISE FUNDS
Statement of Revenues, Expenses,
and Changes in Net Assets
For the Year Ended June 30, 2005**

Statement B

	<u>GENERAL</u>	<u>SECTION 8</u>	<u>OTHER ENTERPRISE</u>	<u>TOTAL</u>
OPERATING REVENUES				
Dwelling rental	\$ 470,064	\$ 0	\$ 27,921	\$ 497,985
Other	51,799	0	200	51,999
Total operating revenues	<u>521,863</u>	<u>0</u>	<u>28,121</u>	<u>549,984</u>
OPERATING EXPENSES				
Administration	1,036,117	444,591	126,912	1,607,620
Tenant services	374,613	0	265,735	640,348
Utilities	95,604	10,380	0	105,984
Ordinary maintenance & operations	903,942	31,293	5,367	940,602
Protective services	168,908	530	0	169,438
General expenses	361,848	16,316	6,758	384,922
Housing assistance payments	0	3,321,118	0	3,321,118
Depreciation	1,889,072	4,761	9,198	1,703,031
Total operating expenses	<u>4,630,104</u>	<u>3,828,989</u>	<u>413,970</u>	<u>8,873,063</u>
Operating Income (Loss)	<u>(4,108,241)</u>	<u>(3,828,989)</u>	<u>(385,849)</u>	<u>(8,323,079)</u>
Nonoperating revenues (expenses)				
Interest earnings	3,328	4,886	0	8,214
Federal grants	2,087,267	3,750,862	386,510	6,224,639
Other revenue	87,680	14,035	0	101,715
Total nonoperating revenues (expenses)	<u>2,178,275</u>	<u>3,769,783</u>	<u>386,510</u>	<u>6,334,568</u>
NET INCOME (Loss) before Contributions and transfers	<u>(1,929,966)</u>	<u>(59,206)</u>	<u>661</u>	<u>(1,988,511)</u>
Capital contributions	1,279,001	0	0	1,279,001
Transfers	0	(653,303)	653,303	0
Change in net assets	<u>(650,965)</u>	<u>(712,509)</u>	<u>653,964</u>	<u>(709,510)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>20,767,845</u>	<u>710,247</u>	<u>300,685</u>	<u>21,778,777</u>
NET ASSETS AT END OF YEAR	<u>\$ 20,116,880</u>	<u>\$ (2,262)</u>	<u>\$ 954,649</u>	<u>\$ 21,069,267</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTERGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2005**

Statement C

	<u>GENERAL</u>	<u>SECTION 8</u>	<u>OTHER ENTERPRISE</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Rental receipts	\$ 609,162	\$ 0	\$ 27,921	\$ 637,083
Other receipts	51,799	594,041	200	646,040
Payments to vendors	(1,324,386)	(666,514)	(354,358)	(2,345,258)
Payments to employees	(1,143,628)	(247,824)	(51,321)	(1,442,773)
Payments to private landlords	0	(3,321,118)	0	(3,321,118)
Other payments	<u>(69,038)</u>	<u>(120,337)</u>	<u>(318,235)</u>	<u>(507,610)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(1,876,091)</u>	 <u>(3,761,752)</u>	 <u>(695,793)</u>	 <u>(6,333,636)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal grants	<u>2,087,267</u>	<u>3,750,862</u>	<u>386,510</u>	<u>6,224,639</u>
 NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	 <u>2,087,267</u>	 <u>3,750,862</u>	 <u>386,510</u>	 <u>6,224,639</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase capital assets	(1,523,755)	(31,299)	0	(1,555,054)
Contributed capital	1,279,001	0	0	1,279,001
Transfers	0	(653,303)	309,800	(343,503)
Nonoperating revenue	<u>87,680</u>	<u>14,035</u>	<u>0</u>	<u>101,715</u>
 NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>\$ (157,074)</u>	 <u>\$ (670,567)</u>	 <u>\$ 309,800</u>	 <u>\$ (517,841)</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2005**

Statement C

	<u>GENERAL</u>	<u>SECTION 8</u>	<u>OTHER ENTERPRISE</u>	<u>TOTAL</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest and dividends	\$ 3,326	\$ 4,886	\$ 0	\$ 8,212
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>3,326</u>	<u>4,886</u>	<u>0</u>	<u>8,212</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,428	(676,571)	517	(618,626)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>442,755</u>	<u>1,000,132</u>	<u>74,632</u>	<u>1,517,519</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>500,183</u>	<u>323,561</u>	<u>75,149</u>	<u>898,893</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	(4,108,241)	(3,828,989)	(385,849)	(8,323,079)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	1,689,072	4,761	9,198	1,703,031
Change in assets and liabilities:				
Receivables, net	169,349	(58,184)	(37,597)	73,568
Inventories	6,801	0	0	6,801
Prepaid items	(8,340)	(1,210)	(19)	(9,569)
Due from other funds	(69,038)	33,490	(318,235)	(353,783)
Accounts payables	178,684	(448,092)	0	(269,408)
Due to other funds	284,745	32,513	36,525	353,783
Deferred revenues	(30,251)	498,398	0	468,147
Compensated absences	11,128	5,561	184	16,873
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,876,091)</u>	<u>\$ (3,761,752)</u>	<u>\$ (695,793)</u>	<u>\$ (6,333,636)</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the City of Alexandria
Notes to the Financial Statements**

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**Housing Authority of the City of Alexandria
Notes to the Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the City of Alexandria (the Housing Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five-member board of commissioners. The members, appointed by the Honorable Mayor of the city of Alexandria, serve a staggered term of five years.

The Housing Authority has the following units:

PHA Owned Housing	FW 1142	764
Section 8		
Rental Vouchers	FW 2221	826
Department of Transportation and Development		15

The accompanying financial statements of the Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The Housing Authority also has no *component units*, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Housing Authority members are financially accountable.

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

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

- i. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**Housing Authority of the City of Alexandria
Notes to the Financial Statements**

Based on the previous criteria, the Housing Authority has determined that the following component unit should be considered as part of the Housing Authority reporting entity.

The Alexandria Affordable Housing Corporation (AAH) is a legally separate entity. The Housing Authority is financially accountable for the AAH. This entity was established to perform services associated with demolition. The entity is providing services which benefit the Housing Authority because these services would be provided by the Housing Authority in the absence of the separate entity. This entity is included through blended presentation.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Proprietary Funds Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund includes the following:

The general fund accounts for the transactions of the public housing low rent program, and the capital fund program. The tenant based Section 8 fund accounts for the Section 8 Voucher program and the Section 8 Voucher urban revitalization and Alexandria Affordable Housing HOPE VI Program. The other enterprise fund accounts the activities of the private property fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Proprietary Funds Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund principal ongoing operations. The principal operating revenues of the Housing Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. DEPOSITS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. INVESTMENTS Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

**Housing Authority of the City of Alexandria
Notes to the Financial Statements**

G. INVENTORY All purchased inventory items are valued at cost using first-in, first-out method. Purchased inventories are offset by a fund balance reserve which indicates that these do not constitute "available spendable resources," even though they are a component of total assets. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenditures are charged when the items are consumed.

H. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items consist of prepaid insurance.

I. CAPITAL ASSETS Property, plant and equipment in the proprietary funds of the government are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvement are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized in the proprietary funds.

Property, plant and equipment are depreciated in the proprietary and similar trust funds of the government using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 years
Site and building improvements	15 years
Office equipment (other than computers)	7 years
Computers	3 years
Automobiles and trucks	5 years

J. DEFERRED REVENUES The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

K. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

L. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The restricted net assets reported on the balance sheet are restricted by grantor.

Restricted resources are used for when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. INTERFUND TRANSACTIONS Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed.

**Housing Authority of the City of Alexandria
Notes to the Financial Statements**

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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

NOTE 2 - DEPOSITS At year end the Housing Authority's bank balance was \$1,550,789. Of the bank balance, \$264,861 was covered by federal depository insurance or by collateral held by the Housing Authority's agent in the Housing Authority's name (GASB Category 1). The remaining balance was collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name (GASB Category 2).

Even though the pledged securities are considered uncollateralized (Category 2) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited fund upon demand.

Custodial credit risk-deposits: This is the risk that in the event of a bank failure, the Housing Authority's deposits may not be returned. As of June 30, 2005, the Housing Authority was exposed to zero custodial credit risk because the banks hold investments or collateral securities in the Housing Authority's name. All other funds were insured by the FDIC.

NOTE 3 - RECEIVABLES The receivables at June 30, 2005, are \$240,261 net of allowance for doubtful accounts of \$33,450.

<u>Class of Receivables</u>	<u>General Fund</u>
Dwelling rental	\$ 27,536
HUD	209,325
Other	<u>3,400</u>
Total	<u>\$240,261</u>

NOTE 4 - CAPITAL ASSETS The changes and balances in capital assets are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Land	\$ 721,403	\$ 0	\$ 0	\$ 721,403
Construction in progress	1,379,834	250,230	0	2,630,064
Depreciable Capital Assets				
Buildings and improvements	34,728,569	18,800	258,400	34,488,969
Furniture and equipment	<u>1,527,351</u>	<u>715,892</u>	<u>171,468</u>	<u>2,071,775</u>
Total	<u>38,357,157</u>	<u>984,922</u>	<u>429,868</u>	<u>39,912,211</u>
Less accumulated depreciation:				
Buildings and improvements	17,143,693	1,429,476	86,184	18,486,985
Furniture and equipment	<u>830,978</u>	<u>434,279</u>	<u>74,541</u>	<u>1,190,716</u>
Total	<u>17,974,671</u>	<u>1,863,755</u>	<u>160,725</u>	<u>19,677,701</u>
Capital assets, net	<u>\$20,382,486</u>	<u>\$ 121,167</u>	<u>\$269,143</u>	<u>\$20,234,510</u>

NOTE 5 - RETIREMENT SYSTEM The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. 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.

**Housing Authority of the City of Alexandria
Notes to the Financial Statements**

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 7.0 percent of each participant's basic (excludes overtime) compensation. The employee makes monthly contributions equal to 5.0 percent of his or her basic compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended June 30, 2005, was \$1,392,393. The Housing Authority's contributions were calculated using the base salary amount of \$584,979. Both the Housing Authority and the covered employees made the required contributions of \$38,531 and \$28,421, respectively, for the year ended June 30, 2005.

NOTE 6 - ACCOUNTS PAYABLE The payables at June 30, 2005, are as follows:

	<u>General Fund</u>	<u>Section 8</u>	<u>Other Enterprise</u>	<u>Total</u>
Vendors	\$ 201,951	\$0	\$0	\$201,951
Payable to HUD	0	0	0	0
Accrued PILOT	<u>46,783</u>	<u>0</u>	<u>0</u>	<u>46,783</u>
Total	<u>\$248,734</u>	<u>\$0</u>	<u>\$0</u>	<u>\$248,734</u>

NOTE 7 - COMPENSATED ABSENCES At June 30, 2005, employees of the Housing Authority have accumulated and vested \$110,676 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 8 - CHANGES IN DEPOSITS DUE OTHERS

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
Tenants Security Deposits	<u>\$71,334</u>	<u>\$0</u>	<u>\$22,876</u>	<u>\$48,458</u>

NOTE 9 - LONG-TERM DEBT The following is a summary of the long-term debt transactions for the year ended June 30, 2005:

	<u>Compensated Absences</u>
Balance, beginning	<u>\$93,803</u>
Additions	56,364
Deductions	<u>39,491</u>
Balance, ending	<u>110,676</u>
Amounts due in one year	<u>\$51,515</u>

NOTE 10 - INTERFUND TRANSACTIONS
Interfund receivables/payables at June 30, 2005:

	<u>General Fund</u>	<u>Section 8</u>	<u>Other Enterprise</u>	<u>Total</u>
Interfund Receivable	\$ 69,038	\$120,337	\$318,856	\$508,231
Interfund Payable	\$439,193	\$ 0	\$ 69,038	\$508,231

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation At June 30, 2005, the Housing Authority was involved in various litigation. It is the opinion of the legal advisor for the Housing Authority that it would not materially affect the financial statements.

Housing Authority of the City of Alexandria
Notes to the Financial Statements

Construction Projects There are certain major construction projects in progress at June 30, 2005. These include modernizing rental units at practically all of the projects. As approved by HUD, these projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Grant Disallowances The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 12 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 13 - ECONOMIC DEPENDENCY Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$7,503,640 to the Housing Authority, which represents approximately 92% of the Housing Authority's total revenue for the year.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

NONMAJOR ENTERPRISE FUNDS
Combining Balance Sheet
June 30, 2005

Exhibit 1

	DOTD	URBAN REVITALIZATION	ALEXANDRIA AFFORDABLE HOUSING	TOTAL NONMAJOR FUNDS
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 75,149	\$ 0	\$ 0	\$ 75,149
Accounts receivable, net	1,072	36,525	0	37,597
Interfund receivables	9,056	0	309,800	318,856
Prepaid items and other assets	1,292	0	0	1,292
Restricted Assets				
Restricted deposits	1,200	0	343,503	344,703
TOTAL CURRENT ASSETS	87,769	36,525	653,303	777,597
Capital Assets				
Capital assets (net of accumulated depreciation)	215,642	0	0	215,642
TOTAL ASSETS	303,411	36,525	653,303	993,239
LIABILITIES				
Current Liabilities				
Accounts payable	0	0	0	0
Interfund payable	0	36,525	0	36,525
Current portion of compensated absences	270	0	0	270
Current Liabilities Payable from Current Restricted Assets				
Deposits due others	1,200	0	0	1,200
Noncurrent Liabilities				
Compensated absences payable	595	0	0	595
Total Liabilities	2,065	36,525	0	38,590
NET ASSETS				
Invested in capital assets, net of related debt	215,642	0	0	215,642
Restricted	0	0	653,303	653,303
Unrestricted	85,704	0	0	85,704
NET ASSETS	301,346	0	653,303	954,649
TOTAL LIABILITIES AND NET ASSETS	\$ 303,411	\$ 36,525	\$ 653,303	\$ 993,239

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**NONMAJOR ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2005**

Exhibit 2

	<u>DOTD</u>	<u>URBAN REVITALIZATION</u>	<u>ALEXANDRIA AFFORDABLE HOUSING</u>	<u>TOTAL NONMAJOR FUNDS</u>
OPERATING REVENUES				
Dwelling rent	\$ 27,921	\$ 0	\$ 0	\$ 27,921
Other	200	0	0	200
Total operating revenues	<u>28,121</u>	<u>0</u>	<u>0</u>	<u>28,121</u>
OPERATING EXPENSES				
Administration	6,335	120,775	0	127,110
Tenant services	0	265,735	0	265,735
Utilities	0	0	0	0
Ordinary maintenance and operations	5,169	0	0	5,169
General expenses	6,758	0	0	6,758
Protective services	0	0	0	0
Depreciation and amortization expense	9,198	0	0	9,198
Total operating expenses	<u>27,460</u>	<u>386,510</u>	<u>0</u>	<u>413,970</u>
Operating Income (Loss)	<u>661</u>	<u>(386,510)</u>	<u>0</u>	<u>(385,849)</u>
Nonoperating revenues (expenses)				
Interest earnings	0	0	0	0
Federal grants	0	386,510	0	386,510
Other revenue	0	0	0	0
Total nonoperating revenues (expenses)	<u>0</u>	<u>386,510</u>	<u>0</u>	<u>386,510</u>
Net Income (Loss) before Contributions and transfers	661	0	0	661
Transfers	0	0	653,303	653,303
Change in net assets	661	0	653,303	653,964
NET ASSETS AT BEGINNING OF YEAR	<u>300,685</u>	<u>0</u>	<u>0</u>	<u>300,685</u>
NET ASSETS AT END OF YEAR	<u>\$ 301,346</u>	<u>\$ 0</u>	<u>\$ 653,303</u>	<u>\$ 954,649</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2005**

Exhibit 3

	<u>DOTD</u>	<u>URBAN REVITALIZATION</u>	<u>ALEXANDRIA AFFORDABLE HOUSING</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Rental receipts	\$ 27,921	\$ 0	\$ 0	\$ 27,921
Other receipts	200	0	0	200
Payments to vendors	(17,331)	(337,027)	0	(354,358)
Payments to employees	(1,838)	(49,483)	0	(51,321)
Other receipts (payments)	<u>(8,435)</u>	<u>0</u>	<u>(309,800)</u>	<u>(318,235)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>517</u>	 <u>(386,510)</u>	 <u>(309,800)</u>	 <u>(695,793)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Federal grants	<u>0</u>	<u>386,510</u>	<u>0</u>	<u>386,510</u>
 NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	 <u>0</u>	 <u>386,510</u>	 <u>0</u>	 <u>386,510</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers	<u>0</u>	<u>0</u>	<u>309,800</u>	<u>309,800</u>
 NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 309,800</u>	 <u>\$ 309,800</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2005**

Exhibit 3

	<u>DOTD</u>	<u>URBAN REVITALIZATION</u>	<u>ALEXANDRIA AFFORDABLE HOUSING</u>	<u>TOTAL</u>
CASH FLOW FROM INVESTING ACTIVITIES:				
Interest and dividends	\$ 0	\$ 0	\$ 0	\$ 0
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	517	0	0	517
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>74,632</u>	<u>0</u>	<u>0</u>	<u>74,632</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>75,149</u>	<u>0</u>	<u>0</u>	<u>75,149</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	661	(386,510)	0	(385,849)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	9,198	0	0	9,198
Change in assets and liabilities:				
Receivables, net	(1,072)	(36,525)	0	(37,597)
Prepaid items	(19)	0	0	(19)
Due from other funds	(8,435)	0	(309,800)	(318,235)
Due to other funds	0	36,525	0	36,525
Compensated absences	184	0	0	184
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 517</u>	<u>\$ (386,510)</u>	<u>\$ (309,800)</u>	<u>\$ (695,793)</u>

(CONCLUDED)

**Housing Authority of the City of Alexandria
Financial Data Schedule
For the Year Ended June 30, 2005**

PHA: LA023 FYED: 06/30/2005

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	75,149	500,183	0	323,561	0	898,893
112	Cash - Restricted - Modernization and Development	343,503	0	0	0	0	343,503
114	Cash - Tenant Security Deposits	1,200	47,258	0	0	0	48,458
100	Total Cash	419,852	547,441	0	323,561	0	1,290,854
121	Accounts Receivable - PHA Projects	0	0	36,525	58,184	114,616	209,325
126	Accounts Receivable - Tenants - Dwelling Rents	11,422	52,964	0	0	0	64,386
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(10,350)	(23,100)	0	0	0	(33,450)
126.2	Allowance for Doubtful Accounts - Other	0	0	0	0	0	0
120	Total Receivables, net of allowances for doubtful accounts	1,072	29,864	36,525	58,184	114,616	240,261
142	Prepaid Expenses and Other Assets	1,292	161,006	0	13,468	0	175,766
143	Inventories	0	46,173	0	0	0	46,173
143.1	Allowance for Obsolete Inventories	0	(1,385)	0	0	0	(1,385)
144	Interprogram Due From	318,856	183,854	0	120,337	0	622,847
150	Total Current Assets	741,072	966,753	36,525	515,550	114,616	2,374,516
161	Land	43,720	677,683	0	0	0	721,403
162	Buildings	365,080	34,123,889	0	0	0	34,488,969
163	Furniture, Equipment & Machinery - Dwellings	0	1,253,069	0	0	0	1,253,069
164	Furniture, Equipment & Machinery - Administration	0	691,478	0	46,198	81,030	818,706
165	Leasehold Improvements	0	0	0	0	0	0
166	Accumulated Depreciation	(193,158)	(19,461,488)	0	(9,339)	(13,716)	(19,677,701)
167	Construction In Progress	0	0	0	0	2,630,064	2,630,064
160	Total Fixed Assets, Net of Accumulated Depreciation	215,642	17,284,631	0	36,859	2,697,378	20,234,510
180	Total Non-Current Assets	215,642	17,284,631	0	36,859	2,697,378	20,234,510
190	Total Assets	956,714	18,251,384	36,525	552,409	2,811,994	22,609,026

**Housing Authority of the City of Alexandria
Financial Data Schedule
For the Year Ended June 30, 2005**

PHA: LA023 FYED: 06/30/2005

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	0	201,951	0	0	0	201,951
321	Accrued Wage/Payroll Taxes Payable	0	13,127	0	0	0	13,127
322	Accrued Compensated Absences - Current Portion	270	40,452	0	10,793	0	51,515
333	Accounts Payable - Other Government	0	33,656	0	0	0	33,656
341	Tenant Security Deposits	1,200	47,258	0	0	0	48,458
342	Deferred Revenues	0	10,646	0	498,398	0	509,044
347	Interprogram Due To	0	439,193	36,525	32,513	114,616	622,847
310	Total Current Liabilities	1,470	786,283	36,525	541,704	114,616	1,480,598
	Accrued Compensated Absences - Non						
354	Current	595	45,599	0	12,967	0	59,161
350	Total Noncurrent Liabilities	595	45,599	0	12,967	0	59,161
300	Total Liabilities	2,065	831,882	36,525	554,671	114,616	1,539,759
508	Total Contributed Capital	0	0	0	0	0	0
	Invested in Capital Assets, Net of						
508.1	Related Debt	215,642	17,284,631	0	36,859	2,697,378	20,234,510
511	Total Reserved Fund Balance	0	0	0	0	0	0
511.1	Restricted Net Assets	653,303	0	0	0	0	653,303
512.1	Unrestricted Net Assets	85,704	134,871	0	(39,121)	0	181,454
513	Total Equity/Net Assets	954,649	17,419,502	0	(2,262)	2,697,378	21,069,267
600	Total Liabilities and Equity/Net Assets	956,714	18,251,384	36,525	552,409	2,811,994	22,609,026

**Housing Authority of the City of Alexandria
Financial Data Schedule
For the Year Ended June 30, 2005**

PHA: LA023 FYED: 06/30/2005

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	27,921	470,064	0	0	0	497,985
704	Tenant Revenue - Other	200	51,799	0	0	0	51,999
705	Total Tenant Revenue	28,121	521,863	0	0	0	549,984
706	HUD PHA Operating Grants	0	1,856,147	386,510	3,750,862	431,120	6,224,639
706.1	Capital Grants	0	0	0	0	1,279,001	1,279,001
711	Investment Income - Unrestricted	0	3,328	0	4,886	0	8,214
714	Fraud Recovery	0	0	0	1,888	0	1,888
715	Other Revenue	0	87,680	0	12,147	0	99,827
700	Total Revenue	28,121	2,269,018	386,510	3,769,783	1,710,121	8,163,553
911	Administrative Salaries	714	472,375	50,067	247,824	69,822	840,802
912	Auditing Fees	0	16,090	0	12,470	0	28,560
914	Compensated Absences	184	11,127	0	5,581	0	16,872
	Employee Benefit Contributions -						
915	Administrative	264	131,569	0	66,838	0	198,671
916	Other Operating - Administrative	4,975	223,836	70,708	111,898	111,298	522,715
921	Tenant Services - Salaries	0	154,816	0	0	0	154,816
922	Relocation Costs	0	0	250,880	0	0	250,880
	Employee Benefit Contributions -						
923	Tenant Services	0	44,925	0	0	0	44,925
924	Tenant Services - Other	0	174,872	14,855	0	0	189,727
931	Water	0	66,219	0	0	0	66,219
932	Electricity	0	22,257	0	10,380	0	32,637
933	Gas	0	7,128	0	0	0	7,128
	Ordinary Maintenance and Operations -						
941	Labor	940	516,440	0	0	0	517,380
	Ordinary Maintenance and Operations -						
942	Materials and Other	528	123,035	0	0	0	123,563
	Ordinary Maintenance and Operations -						
943	Contract Costs	3,701	89,550	0	31,293	0	124,544
	Employee Benefit Contributions -						
945	Ordinary Maintenance	198	144,405	0	0	0	144,603
	Protective Services - Other Contract						
952	Costs	0	138,870	0	530	0	139,400
953	Protective Services - Other	0	30,038	0	0	0	30,038
961	Insurance Premiums	1,047	256,290	0	16,316	0	273,653
962	Other General Expenses	0	3,887	0	0	0	3,887
963	Payments In Lieu of Taxes	0	37,446	0	0	0	37,446
964	Bad Debt - Tenant Rents	5,711	64,225	0	0	0	69,936
969	Total Operating Expenses	18,262	2,729,400	386,510	503,110	181,120	3,818,402
	Excess Operating Revenue over						
970	Operating Expenses	9,859	(460,382)	0	3,266,673	1,529,001	4,345,151
971	Extraordinary Maintenance	0	30,512	0	0	0	30,512
973	Housing Assistance Payments	0	0	0	3,321,118	0	3,321,118
974	Depreciation Expense	9,198	1,677,365	0	4,761	11,707	1,703,031
900	Total Expenses	27,460	4,437,277	386,510	3,828,989	192,827	8,873,063
1001	Operating Transfers In	0	250,000	0	0	0	250,000
1002	Operating Transfers Out	0	0	0	0	(250,000)	(250,000)
1010	Total Other Financing Sources (Uses)	0	250,000	0	0	(250,000)	0
	Excess (Deficiency) of Operating						
1000	Revenue Over (Under) Expenses	661	(1,918,259)	0	(59,206)	1,267,294	(709,510)

**Housing Authority of the City of Alexandria
Financial Data Schedule
For the Year Ended June 30, 2005**

PHA: LA023 FYED: 06/30/2005

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Revitalization of Severely Distressed Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
	Debt Principal Payments - Enterprise						
1102	Funds	0	0	0	0	0	0
1103	Beginning Equity	300,685	19,337,761	0	710,247	1,430,084	21,778,777
	Prior Period Adjustments, Equity						
1104	Transfers and Correction of Errors	653,303	0	0	(653,303)	0	0
	Maximum Annual Contributions						
1113	Commitment (Per ACC)	0	0	0	447,495	0	447,495
	Prorata Maximum Annual Contributions						
	Applicable to a Period of less than						
1114	Twelve Months	0	0	0	0	0	0
	Contingency Reserve, ACC Program						
1115	Reserve	0	0	0	286,998	0	286,998
1116	Total Annual Contributions Available	0	0	0	734,493	0	734,493
1120	Unit Months Available	204	9,276	0	11,394	0	20,874
1121	Number of Unit Months Leased	144	9,156	0	9,653	0	18,953

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

STATEMENT OF CERTIFICATION OF ACTUAL
MODERNIZATION COMPLETED
June 30, 2005

CAPITAL FUND GRANT 501-01

1. The actual modernization costs for the completed modernization program costs is as follows:

	PROJECT <u>LA 48P923 501-01</u>
Funds approved	\$ 1,631,931
Funds expended	<u>1,631,931</u>
Excess of funds approved	<u>\$ 0</u>
Funds advanced	\$ 1,631,931
Funds expended	<u>1,631,931</u>
Excess of funds advanced	<u>\$ 0</u>

2. The distribution of costs as shown on the actual modernization cost certificate for the Project LA 48P923 501-01 is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

STATEMENT OF CERTIFICATION OF ACTUAL
MODERNIZATION COMPLETED
June 30, 2005

CAPITAL FUND GRANT 502 03

1. The actual modernization costs for the completed modernization program costs is as follows:

	PROJECT
	<u>LA 48P023 502 03</u>
Funds approved	\$ 27,099
Funds expended	<u>27,099</u>
Excess of funds approved	<u>\$ 0</u>
Funds advanced	\$ 27,099
Funds expended	<u>27,099</u>
Excess of funds advanced	<u>\$ 0</u>

2. The distribution of costs as shown on the actual modernization cost certificate for the Project LA 48P023 502 03 is in agreement with the PHA's records.

3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**Housing Authority of the City of Alexandria
Compensation Paid Board Members**

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

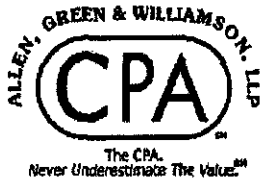
Mr. Henry (Hank) Lazarone, Chairman

Mr. George Williams, Vice Chairman

Mr. Morris W. Doss

Mr. Lee Dotson, Jr.

Ms. Essie Iles



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Ernest L. Allen, CPA

(Retired)

1963 - 2000

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Housing Authority of the City of Alexandria, as of and for the year ended June 30, 2005, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated December 23, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions as identified as items 05-F1, 05-F2, and 05-F3, in the accompanying Schedule of Findings and Questioned Costs. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Housing Authority's ability to imitate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

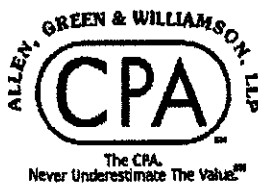
As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 23, 2005



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(Retired)
1963 - 2006

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of the Housing Authority of the City of Alexandria with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing 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. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-F4, 05-F5, 05-F6, 05-F7, and 05-F8.

Internal Control Over Compliance

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Housing Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items , 05-F4, 05-F5, 05-F6, 05-F7, and 05-F8.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 23, 2005

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2005

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR / PROGRAM NAME	CFDA NUMBER	PASS THROUGH GRANTOR NO.	EXPENDITURES
U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			
DIRECT PROGRAMS			
Public and Indian Housing Operating Subsidy	14.850	FW 1142	\$ 1,656,147
Public Housing Capital Fund Program	14.872	FW 1142	1,710,121
Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)	14.866	FW 1142	386,510
Section 8 Housing Choice Vouchers	14.871	FW 1142	<u>3,750,862</u>
TOTAL U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 7,503,640</u>

Housing Authority of the City of Alexandria
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the Notes to the Financial Statements to the Housing Authority's general-purpose financial statements.

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

<i>Nonoperating revenues:</i>	
Federal grants	\$6,224,639
Capital contributions	1,279,001

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - FEDERAL AWARDS For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority operating income from rents or investments (or other non-federal sources). The entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

PART I - Summary of the Auditors' Results

Financial statement audit

- i. The type of audit report issued was unqualified.
- ii. There were reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.

The reportable conditions were not considered to be material weaknesses.

- iii. There was no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There were reportable conditions required to be disclosed by OMB Circular A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed audit findings which the auditor are required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal programs are:

CFDA #14.850	Public and Indian Housing - Operating Subsidy
CFDA #14.871	Section 8 Housing Choice Vouchers
CFDA #14.872	Public Housing Capital Fund
CFDA # 14.866	Demolition and Revitalization of Severely Distressed Pubic Housing (HOPEVI)

- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular A-133, Section .530.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

PART II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America

Reference # and title: 05-F1 Bank Reconciliations

Criteria or specific requirement: Strong internal control procedures require all bank accounts be reconciled monthly in a timely manner. A timely manner would normally be within thirty days of receipt of the information from the bank.

Condition found: Bank reconciliations were behind for a good portion of the fiscal year.

Possible asserted effect (cause and effect):

Cause: The accounting department was behind in performing the reconciliations.

Effect: Bank accounts were not reconciled timely for a good portion of the fiscal year.

Recommendations to prevent future occurrences: Bank accounts should be reconciled within thirty days of receipt from the bank. This ensures that one month is reconciled before the next month is received.

Reference # and title: 05-F2 Accounts Receivable

Criteria or specific requirement: Accounts receivable balances of the personal property fund should be monitored monthly to ensure that residents are paying rent as it becomes due. Charge offs of the public housing program which are approved monthly by the Board should be written off in the resident accounting system.

Condition found: The balance of accounts receivable for the personal property fund at June 30, 2005 was \$11,485. Three residents accounted for \$10,350 of this balance. One resident was 22 months behind on paying rent; another was 18 months behind and another was 15 months behind. Public housing accounts receivable balances included some residents who had moved out over a year ago. The balances in accounts receivable for these residents at June 30, 2004 was the same as the balance at June 30, 2005. It appears that charge offs which are approved monthly by the Board are not being consistently written off the books.

Possible asserted effect (cause and effect):

Cause: Procedures are not in place to monitor the balance of accounts receivable for the personal property fund. Accounts receivable balances of the public housing program are not adjusted to account for charge offs.

Effect: Some residents of the personal property fund have built up large balances that may not be collected by the Housing Authority. Accounts receivable balances of the public housing program are overstated and collection loss expense is understated.

Recommendations to prevent future occurrences: Procedures should be established for rent collection and someone should be designated as the person responsible to see the procedures are followed. Overdue accounts of public housing should be approved by the Board for charge off. Once the Board approves the charge off the adjustment should be made on the books.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

PART II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America

Reference # and title: **05-F3** **Personnel Files**

Criteria or specific requirement: Personnel files should contain documentation of existence such as an I-9 form, birth certificate, or driver's license, and documentation for the salary being paid to the employee.

Condition found: Personnel files for a sample of employees were reviewed for proof of existence. Also, the gross salary amounts for these employees per their payroll checks was traced to documentation in the file. Twelve files were reviewed and three of these files did not include proof of existence. Gross salary per the payroll checks for seven of the employees could not be traced to documentation in the personnel file.

Possible asserted effect (cause and effect):

Cause: Quality control procedures for maintenance of personnel files is not in place.

Effect: Some personnel files do not include information that is normally included in personnel files.

Recommendations to prevent future occurrences: Procedures should be established for maintenance of personnel files including the documentation that should be in the file. Documentation of existence and salary rates are two items that should be included in the personnel files.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

PART III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133 Sections .510(a)

Reference # and title: 05-F4 Test Resident Files

Federal program and specific federal award identification:

FEDERAL GRANTER/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Award Year</u>
United States Department of Housing and Urban Development Section 8 Housing Choice Vouchers	14.871	2005

Criteria or specific requirement: The Housing Authority must re-examine family income and composition at least once every 12 months and adjust the housing assistance payment (HAP) as necessary using the documentation from third party verifications (24CFR section 982.516). As a condition of admission or continued occupancy, the resident and other family members must provide necessary information, documentation, and releases for the Housing Authority to verify income eligibility (24CFR sections 5.230, 5.609, and 982.516). The Housing Authority is required to submit Form 50058 electronically to HUD each time the Housing Authority completes an admission, annual reexamination, interim reexamination, portability move in, or other changes of unit for a family. Several line items on this form must agree to documentation in the file (24CFR part 908 and 24CFR section 982.158). For both family income examinations and reexaminations, the Housing Authority must obtain and document in the family file third party verification of reporting family income, the value of assets, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income or income based rent. (24CFR section 982.516). The Housing Authority must determine income eligibility and calculate the resident's rent payment using the documentation from third party verifications in accordance with 24CFR part 5 subpart F (24CFR section 5.601 and 24CFR sections 982.201, 982.515 and 982.516).

Condition found: In testing of thirty-one resident files, the following was noted:

- 2 instances noted where income was not calculated correctly.
- 14 instances noted where key line items on Form 50058 did not agree to documentation in the file.
- 6 instances noted where the inspection of unit was not in the file.
- 7 instances noted where the rent reasonableness was not in the file.
- 2 instances noted where the annual recertification was not in file.
- 1 instance noted where annual income not verified by third party.

Possible asserted effect (cause and effect):

Cause: The Housing Authority does not have procedures in place for monitoring of compliance with requirements of the program.

Effect: Some resident files may not meet federal guidelines.

Recommendations to prevent future occurrences: The Housing Authority should establish monitoring procedures to ensure that information in resident files is adequate, agrees to the Form 50058 and that all forms of income are reported on the Form 50058.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

PART III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133 Sections .510(a)

Reference # and title: 05-F5 Inspection Procedures

Federal program and specific federal award identification:

FEDERAL GRANTER/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Award Year</u>
United States Department of Housing and Urban Development Section 8 Housing Choice Vouchers	14.871	2005

Criteria or specific requirement: For units under HAP contract that fail to meet housing quality standards, the Housing Authority must require the owner to correct any life threatening HQS deficiencies with 24 hours after the inspections and all other HQS deficiencies with 30 calendar days or within a specified Housing Authority approved extension. If the owner does not correct the cited HQS deficiencies within the specified correction period, the Housing Authority must terminate the HAP contract (24CFR sections 982.158(d) and 982.404).

Condition found: This compliance requirement could not be tested because the Housing Authority did not maintain an inspection log for the fiscal year ended June 30, 2005.

Possible asserted effect (cause and effect):

Cause: The Housing Authority did not have procedures in place to monitor that re-inspections were performed within the required time period and all deficiencies were corrected. The Housing Authority started keeping an inspection log in June 2005.

Effect: For the fiscal year ended June 30, 2005, the only documentation for inspections is the inspections form in the residents file.

Recommendations to prevent future occurrences: The Housing Authority should establish procedures to ensure that all unit inspections are logged and noted if failed, therefore the Housing Authority would know what units need to be re-inspected under HQS requirement.

Reference # and title: 05-F6 Waiting List

Federal program and specific federal award identification:

FEDERAL GRANTER/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Award Year</u>
United States Department of Housing and Urban Development Section 8 Housing Choice Vouchers	14.871	2005

Criteria or specific requirement: The Housing Authority is required to establish policies for admission of residents. The resident selection policy should also include the procedures of accepting applications and adding the applicant to the waiting list. The waiting list should be maintained and updated to ensure that all persons reaching the top of the list are given the opportunity to move into the public housing program according to the 24 CFR sections 5.410, 960.202 through 960.206, 982.54(d), and 982.201 through 982.207.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

PART III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133 Sections .510(a)

Condition found: This requirement could not be tested because waiting lists in waiting order were not printed at regular intervals during the year. The waiting lists that were provided were in alphabetical order.

Possible asserted effect (cause and effect):

Cause: The Housing Authority does not have an established procedure for printing and maintaining the waiting list in waiting order.

Effect: The Housing Authority does not have the printed waiting list to document the order of placement of applicants.

Recommendations to prevent future occurrences: The Housing Authority should print waiting list in waiting list order at least on a monthly basis to document that all those at the top of the list are given an opportunity to move in.

Reference # and title: 05-F7 Test of Resident Files

Federal program and specific federal award identification:

FEDERAL GRANTER/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Award Year
United States Department of Housing and Urban Development Public Indian Housing	14.850	2005

Criteria or specific requirement: The Housing Authority must re-examine family income and composition at least once every 12 months and adjust the total rent as necessary according to 24 CFR sections 5.617 and 960.209. Changes in the rent calculation resulting from the re-examination should be reflected on the rental register.

The Housing Authority is required to submit HUD form 50058 electronically to HUD each time the Housing Authority has an admission or re-examination. The resident files must contain the form 50058 as well as the following pertinent information: social security cards, birth certificates (or valid documentation of birth dates) and third party verifications of income, child care expenses and medical expenses. Also, resident files should have HUD form 9886 in the file and signed annually by all adults in household.

Condition found: In testing of 40 resident files, the following exceptions were noted:

- 1 instance where the resident application was not in the file.
- 16 instances where the resident was missing social security cards or birth certificates or information on 50058 did not agree to documentation in the file.
- 10 instances where the resident file did not have third party verification of income.
- 1 instance where the resident income calculation was incorrect.
- 2 instances where the rent calculation could not be traced to the rental register.

Possible asserted effect (cause and effect):

Cause: The Housing Authority does not have procedures in place for monitoring of compliance with requirements of the program.

Effect: Some resident files may not meet federal guidelines.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

PART III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133 Sections .510(a)

Recommendations to prevent future occurrences: The Housing Authority should establish monitoring procedures to ensure that information in resident files is adequate and agrees to the form 50058.

Reference # and title: **05-F8** **Reporting Compliance**

Federal program and specific federal award identification:

<u>FEDERAL GRANTER/ PASS-THROUGH GRANTOR/PROGRAM NAME</u>	<u>CFDA Number</u>	<u>Award Year</u>
United States Department of Housing and Urban Development Public Indian Housing	14.850	2005

Criteria or specific requirement: The Housing Authority is required by HUD to submit various reports for the Public and Indian Housing Program. These reports contain information concerning how HUD calculates the amount of monies awarded as operating subsidy.

Condition found: It was noted that the Operating Fund Calculation of Operating Subsidy, HUD 52723, was calculated incorrectly concerning the FICA and unemployment compensation add-ons. The Housing Authority miscalculated the FICA add-ons allowed by HUD, which would have resulted in a decrease of \$10,343 in operating subsidy. The unemployment compensation add-ons was calculated correctly but was incorrect on the operating subsidy allocations. This add-on was overstated by \$2,129.

Possible asserted effect (cause and effect):

Cause: Procedures are not in place for reviewing reports by someone other than the preparer before the reports are submitted to HUD.

Effect: The Housing Authority did not submit accurate financial data to HUD in which could result in varying operating subsidy monies awarded.

Recommendations to prevent future occurrences: Procedures should be established to ensure that financial reports are reviewed by someone other than the preparer before the reports are submitted.

**Housing Authority of the City of Alexandria
Schedule of Prior Audit Findings
As of and for the Year Ended June 30, 2005**

Finding reference number: 04-F1 Inadequate Accounting

Initially occurred: Fiscal year ended June 30, 2004.

Condition: It appears that monthly reports were not maintained and no comparative analysis were performed. There were certificates of deposit in the Housing Authority's name yet were not recorded on the books totaling \$17,550 along with any interest earned for the year. Bank accounts are not being reconciled properly and in a timely manner to ensure that all cash is accounted for whether that cash is on hand or in transit. The accounts within the trial balance are not a self-balancing set of accounts. Also, there is inadequate communication concerning the capital fund grants to ensure that all charges being posted to the grant accounts are being drawn down in a timely manner. Revenues in the other enterprise fund were not being posted correctly. Allocation of expenses, such as insurance, is not allocated on a reasonable basis; for instance, property insurance is being charged to the Section 8 program in the amount of 51%, yet there are Section 8 properties that would be insured by the Housing Authority.

Corrective action taken: The Housing Authority contracted with a fee accountant to perform month end closings.

Finding reference number: 04-F2 Fixed Assets Listing and Depreciation Schedules are Incomplete or Inaccurate

Initially occurred: Fiscal year ended June 30, 2004.

Condition: We found instances where items were purchased during the year and not added to the fixed asset system. There were assets for other programs being listed within a different program and not separated out. We also found identical items put in service on the same date with different depreciation amounts as well as no depreciation listed, in which the item was considered fully depreciation yet should have not been.

Corrective action taken: This responsibility was assigned to an employee and the depreciation schedule is maintained on a monthly basis.

Finding reference number: 04-F3 Credit Cards

Initially occurred: Fiscal year ended June 30, 2004.

Condition: The Housing Authority should have a credit card policy to establish procedures on credit card use and controls of the credit cards. The Housing Authority should have all credit cards signed in and out once an approved purchase order is obtained and reviewed. Once the credit card is returned all documents should be retained by the accounting department (purchase order and purchase receipts) and kept for payment of the company statement. Also, the policy should cover the use of the credit card for food and lodging when traveling for the Housing Authority.

It was noted that the Housing Authority does require that credit cards be signed in and out; however, no documentation is being reviewed as to an approved purchase order and what the purchases are for. Also, the accounting department is not receiving all receipts for the purchases.

Corrective action taken: A credit card policy was adopted by the Board in January 2005.

**Housing Authority of the City of Alexandria
Schedule of Prior Audit Findings
As of and for the Year Ended June 30, 2005**

Finding reference number: **04-F4** **Late Submission of the Audit Report**

Initially occurred: Fiscal year ended June 30, 2004.

Condition: In accordance with LSA-R.S. 24:513 (A)(5)(a) "Audits shall be completed within six months of the close of the entity's fiscal year". The audit report was filed with the Legislative Auditor's office three months after the deadline.

Corrective action taken: The report for fiscal year ended June 30, 2005 will be submitted timely.

Finding reference number: **04-F5** **Inadequate Accounting**

Initially occurred: Fiscal year ended June 30, 2004.

Condition: See condition for 04-F1

Corrective action taken: The Housing Authority contracted with a fee accountant to perform month end closings.

Finding reference number: **04-F6** **Fixed Assets Listing and Depreciation Schedules are Incomplete or Inaccurate**

Initially occurred: Fiscal year ended June 30, 2004.

Condition: See condition for 05-F2.

Corrective action taken: The responsibility was assigned to an employee and the depreciation schedule is maintained on a monthly basis.

Finding reference number: **04-F7** **Credit Cards**

Initially occurred: Fiscal year ended June 30, 2004.

Condition: See condition for 04-F3.

Corrective action taken: A credit card policy was adopted by the Board in January 2005.

Finding reference number: **04-F8** **Test of Resident Files**

Initially occurred: Fiscal year ended June 30, 2004.

Condition: The Housing Authority must re-examine family income and composition at least once every 12 months and adjust the housing assistance payment (HAP) as necessary using the documentation from third party verifications (24CFR section 982.516). As a condition of admission or continued occupancy, the resident and other family members must provide necessary information, documentation, and releases for the Housing Authority to verify income eligibility (24CFR sections 5.230, 5.609, and 982.516). The Housing Authority is required to submit Form 50058 electronically to HUD each time the Housing Authority completes an admission, annual reexamination, interim reexamination, portability move in, or other changes of unit for a family. Several line items on this form must agree to documentation in the file (24CFR part 908 and 24CFR section 982.158). For both

**Housing Authority of the City of Alexandria
Schedule of Prior Audit Findings
As of and for the Year Ended June 30, 2005**

family income examinations and reexaminations, the Housing Authority must obtain and document in the family file third party verification of reporting family income, the value of assets, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income or income based rent. (24CFR section 982.516). The Housing Authority must determine income eligibility and calculate the resident's rent payment using the documentation from third party verifications in accordance with 24CFR part 5 subpart F (24CFR section 5.601 and 24CFR sections 982.201, 982.515 and 982.516).

The Housing Authority's administrative plan must state the method used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The Housing Authority must consider unit attributes such as the location, quality, size, unit type, and age of the unit, and any amenities, housing services, maintenance and utilities provided by the owner. The Housing Authority must determine that the rent to owner is reasonable at the time of initial leasing. Also, the Housing Authority must determine reasonable rent during the term of the contract before any increase in the rent to owner, and at the HAP anniversary date if there is a five percent decrease in the published fair market rent in effect 60 days before the HAP anniversary date. The Housing Authority must maintain documentation that rent to the owner is reasonable initially and during the term of the contract (24CFR sections 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507).

In testing of twenty resident files, the following was noted:

- 2 instances noted where the social security numbers or birth dates on Form 50058 does not agree to documentation in file
- 4 instances noted where all forms of income are not being reported on the Form 50058
- 1 instance noted where the re-inspection of unit does not appear to be correct
- 11 instances where the contract rent could not be traced to a HAP register because the PHA did not print monthly
- 15 instances noted where the rent reasonableness was not performed correctly

It was noted that the last time the PHA has performed rent reasonableness was in 2000; therefore, all new contracts and rent increases on existing contracts for the fiscal year end did not have updated information to determine rent reasonableness.

Corrective action taken: See current year finding 05-F4.

Finding reference number: 04-F9 Inspection Procedures

Initially occurred: Fiscal year ended June 30, 2004.

Condition: For units under HAP contract that fail to meet housing quality standards, the Housing Authority must require the owner to correct any life threatening HQS deficiencies with 24 hours after the inspections and all other HQS deficiencies with 30 calendar days or within a specified Housing Authority approved extension. If the owner does not correct the cited HQS deficiencies within the specified correction period, the Housing Authority must terminate the HAP contract (24CFR sections 982.158(d) and 982.404).

A sample of five inspections were selected to test that the unit was inspected within the fiscal year and that a re-inspection was performed with the specified time frame. Four out of the five inspections that noted that inspection failed the first time, we were unable to determine if a re-inspection was performed and deficiencies were corrected.

Corrective action taken: See current year finding 05-F5.

**Housing Authority of the City of Alexandria
Schedule of Prior Audit Findings
As of and for the Year Ended June 30, 2005**

Finding reference number: **04-F10** **Cash Management**

Initially occurred: Fiscal year ended June 30, 2004.

Condition: According to the Housing Choice Voucher Program Guidebook, Chapter 20, the Housing Authority should submit HUD required financial and budget documents on an annual basis which reflect the financial status of the voucher program. Part of the financial management is to submit HUD-52663, requisition for partial payment of annual contributions. The Housing Authority should submit a revised form HUD-53663 to reflect significant changes in program circumstances and to keep the Housing Authority in compliance with the requisition requirements that require the Housing Authority to ensure that funds requested do not exceed funds required by more than five percent. If the Housing Authority exceeds the five percent, HUD can impose sanctions for over-requisitioning.

It was noted that the Housing Authority over-requisitioned \$270,554 during the fiscal year, in which the Housing Authority exceeded the funds required by eight percent.

Corrective action taken: Housing Choice Voucher funds are requested quarterly by electronic submission to HUD.

Finding reference number: **04-F11** **Waiting List**

Initially occurred: Fiscal year ended June 30, 2004.

Condition: The Housing Authority is required to establish policies for admission of tenants. The tenant selection policy should also include the procedures of accepting applications and adding the applicant to the waiting list. The waiting list should be maintained and updated to ensure that all persons reaching the top of the list are given the opportunity to move onto the public housing program according to 24 CFR sections 5.410, 960.202 through 960.206, 982.54(d), and 982.201 through 982.207.

When tested the waiting list, there were twenty applicants tested, 10 from Public Housing and 10 from Section 8. The following items were noted:

- 1 instance where the applicant should have been dropped from the Section 8 waiting list, however was not dropped.
- 1 instance where the Housing Authority could not locate the information documenting the applicant having the opportunity to move onto the Section 8 program.
- 10 instances where the Housing Authority did not add the applicants on to the Public Housing waiting list until all background checks on the applicant were received.

Corrective action taken: See current year finding 05-F6.

Finding reference number: **04-F12** **Test of Resident Files**

Initially occurred: Fiscal year ended June 30, 2004.

Condition: The Housing Authority must re-examine family income and composition at least once every 12 months and adjust the total rent as necessary according to 24 CFR sections 5.617 and 960.209. Changes in the rent calculation resulting from the re-examination should be reflected on the rental register.

The Housing Authority is required to submit HUD form 50058 electronically to HUD each time the Housing Authority has an admission or re-examination. The resident files must contain the form 50058 as well as the following pertinent information: social security cards, birth certificates (or valid documentation of birth dates) and third party verifications of income, child care expenses and medical expenses. Also, tenant files should have HUD form 9886 in file and signed annually by all adults in household.

Housing Authority of the City of Alexandria
Schedule of Prior Audit Findings
As of and for the Year Ended June 30, 2005

In testing 20 resident files, the following exceptions were noted:

- 1 instance where the resident file did not have a current signed HUD 9886 form
- 2 instances where the resident file was missing social security cards or birth certificates
- 1 instance where the resident file did not have third party verification of income

Corrective action taken: See current year finding 05-F7.

Finding reference number: **04-F13** **Reporting Compliance**

Initially occurred: Fiscal year ended June 30, 2004.

Condition: The Housing Authority is required by HUD to submit various reports for the Public and Indian Housing Program. These reports contain information concerning how HUD calculates the amount of monies awarded as operating subsidy.

It was noted that the Operating Fund Calculation of Operating Subsidy, HUD 52723, was calculated incorrectly concerning the FICA add-ons. The Housing Authority miscalculated the FICA add-ons allowed by HUD, which would have resulted in a decrease of \$39,177 in operating subsidy. It was also noted at year end, the HUD form 52722-B did not agree to the general ledger; this difference was \$33,449 in which the Housing Authority had more utility expenses than what was reported.

Corrective action planned: See current year finding 05-F8.

**Housing Authority of the City of Alexandria
Corrective Action Plan for Current-Year Findings and Questioned Costs
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Reference # and title: 05-F1 Bank Reconciliations

Criteria or specific requirement: Strong internal control procedures require all bank accounts be reconciled monthly in a timely manner. A timely manner would normally be within thirty days of receipt of the information from the bank.

Condition found: Bank reconciliations were behind for a good portion of the fiscal year.

Corrective action planned: The Housing Authority hired a fee accountant to provide training that bank accounts must be reconciled within 30 days of receipt from the bank. This will ensure that one month is reconciled before the next month is received.

Person responsible for corrective action:

Ms. Wanda Davis, Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: Immediately.

Reference # and title: 05-F2 Accounts Receivable

Criteria or specific requirement: Accounts receivable balances of the personal property fund should be monitored monthly to ensure that residents are paying rent as it becomes due. Charge offs of the public housing program which are approved monthly by the Board should be written off in the resident accounting system.

Condition found: The balance of accounts receivable for the personal property fund at June 30, 2005 was \$11,485. Three residents accounted for \$10,350 of this balance. One resident was 22 months behind on paying rent; another was 18 months behind and another was 15 months behind. Public housing accounts receivable balances included some residents who had moved out over a year ago. The balances in accounts receivable for these residents at June 30, 2004 was the same as the balance at June 30, 2005. It appears that charge offs which are approved monthly by the Board are not being consistently written off the books.

Corrective action planned: The Board will adopt a resolution at the January board meeting to write off old accounts receivable and the receivables will be written off the resident accounts receivable program.

Person responsible for corrective action:

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Fax: (318) 445-2529

Anticipated completion date: January 19, 2006.

Reference # and title: 05-F3 Personnel Files

Criteria or specific requirement: Personnel files should contain documentation of existence such as an I-9 form, birth certificate, or driver's license, and documentation for the salary being paid to the employee.

Condition found: Personnel files for a sample of employees were reviewed for proof of existence. Also, the gross salary amounts for these employees per their payroll checks was traced to documentation in the file. Twelve files were reviewed and

Housing Authority of the City of Alexandria
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2005

three of these files did not include proof of existence. Gross salary per the payroll checks for seven of the employees could not be traced to documentation in the personnel file.

Corrective action planned: Procedures will be established for maintenance of personnel files to include a checklist for each file to include proper documentation for personnel files. Supervisor will conduct more internal control reviews to ensure that Civil Service documents (Employee Notification Form) which will include the salary rate and or any other actions to be taken.

Person responsible for corrective action:

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Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: Immediately

Reference # and title: **05-F4** **Test of Resident Files**

Criteria or specific requirement: The Housing Authority must re-examine family income and composition at least once every 12 months and adjust the housing assistance payment (HAP) as necessary using the documentation from third party verifications (24CFR section 982.516). As a condition of admission or continued occupancy, the resident and other family members must provide necessary information, documentation, and releases for the Housing Authority to verify income eligibility (24CFR sections 5.230, 5.609, and 982.516). The Housing Authority is required to submit Form 50058 electronically to HUD each time the Housing Authority completes an admission, annual reexamination, interim reexamination, portability move in, or other changes of unit for a family. Several line items on this form must agree to documentation in the file (24CFR part 908 and 24CFR section 982.158). For both family income examinations and reexaminations, the Housing Authority must obtain and document in the family file third party verification of reporting family income, the value of assets, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income or income based rent. (24CFR section 982.516). The Housing Authority must determine income eligibility and calculate the resident's rent payment using the documentation from third party verifications in accordance with 24CFR part 5 subpart F (24CFR section 5.601 and 24CFR sections 982.201, 982.515 and 982.516).

Condition found: In testing of thirty-one resident files, the following was noted:

- 2 instances noted where income was not calculated correctly.
- 14 instances noted where the Key Line items on Form 50058 did not agree to documentation in the file.
- 6 instances noted where the inspection of unit was not in the file.
- 7 instances where the rent reasonableness was not in the file.
- 2 instances noted where the annual recertification was not in file.
- 1 instance noted where annual income not verified by third party.

Corrective action planned: The Housing Authority will establish monitoring procedures to ensure that information in resident files are adequate, agrees to the Form 50058 and that all forms of income are reported on Form 50058.

Person responsible for corrective action:

Ms. Wanda Davis, Executive Director
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Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: Immediately.

**Housing Authority of the City of Alexandria
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2005**

Reference # and title: 05-F5 Inspection Procedures

Criteria or specific requirement: For units under HAP contract that fail to meet housing quality standards, the Housing Authority must require the owner to correct any life threatening HQS deficiencies with 24 hours after the inspections and all other HQS deficiencies with 30 calendar days or within a specified Housing Authority approved extension. If the owner does not correct the cited HQS deficiencies within the specified correction period, the Housing Authority must terminate the HAP contract (24CFR sections 982.158(d) and 982.404).

Condition found: This compliance requirement could not be tested because the Housing Authority did not maintain an inspection log for the fiscal year ended June 30, 2005.

Corrective action planned: The Housing Authority has established procedures to ensure all unit inspections are logged and/or noted failed with a follow up. Therefore, the Housing Authority will know what units need to be re-inspected under HQS requirements.

Person responsible for corrective action:

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Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: Immediately.

Reference # and title: 05-F6 Waiting Lists

Criteria or specific requirement: The Housing Authority is required to establish policies for admission of residents. The resident selection policy should also include the procedures of accepting applications and adding the applicant to the waiting list. The waiting list should be maintained and updated to ensure that all persons reaching the top of the list are given the opportunity to move into the public housing program according to the 24 CFR sections 5.410, 960.202 through 960.206, 982.54(d), and 982.201 through 982.207.

Condition found: This requirement could not be tested because waiting lists in waiting order were not printed at regular intervals during the year. The waiting lists that were provided were in alphabetical order.

Corrective action planned: The Housing Authority will print waiting lists in waiting order once a month to document all those at the top of the list are given an opportunity to move in.

Person responsible for corrective action:

Ms. Wanda Davis, Executive Director
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Anticipated completion date: Immediately.

Reference # and title: 05-F7 Test of Resident Files

Criteria or specific requirement: The Housing Authority must re-examine family income and composition at least once every 12 months and adjust the total rent as necessary according to 24 CFR sections 5.617 and 960.209. Changes in the rent calculation resulting from the re-examination should be reflected on the rental register.

Housing Authority of the City of Alexandria
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June 30, 2005

The Housing Authority is required to submit HUD form 50058 electronically to HUD each time the Housing Authority has an admission or re-examination. The resident files must contain the form 50058 as well as the following pertinent information: social security cards, birth certificates (or valid documentation of birth dates) and third party verifications of income, child care expenses and medical expenses. Also, resident files should have HUD form 9886 in the file and signed annually by all adults in household.

Condition found: In testing of 40 resident files, the following exceptions were noted:

- 1 instance where the resident application was not in the file.
- 16 instances where the resident was missing social security cards or birth certificates or information on 50058 did not agree to documentation in the file.
- 10 instances where the resident file did not have third party verification of income.
- 1 instance where the resident income calculation was incorrect.
- 2 instances where the rent calculation could not be traced to the rental register.

Corrective action planned: The Housing Authority will establish monitoring procedures to ensure that information in resident files are adequate and agrees to the Form 50058.

Person responsible for corrective action:

Ms. Wanda Davis, Executive Director
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Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: Immediately.

Reference # and title: **05-F8** **Reporting Compliance**

Criteria or specific requirement: The Housing Authority is required by HUD to submit various reports for the Public and Indian Housing Program. These reports contain information concerning how HUD calculates the amount of monies awarded as operating subsidy.

Condition found: It was noted that the Operating Fund Calculation of Operating Subsidy, HUD 52723, was calculated incorrectly concerning the FICA add-ons. The Housing Authority miscalculated the FICA add-ons allowed by HUD, which would have resulted in a decrease of \$10,343 in operating subsidy. The unemployment compensation add-ons was calculated correctly but was incorrect on the operating subsidy allocations. This add-on was overstated by \$2,129.

Corrective action planned: An accountant of the Housing Authority prepares the financial reports, then the reports are reviewed by the fee accountant before the reports are submitted.

Person responsible for corrective action:

Ms. Wanda Davis, Executive Director
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Anticipated completion date: Immediately.

**Housing Authority of the City of Alexandria
Status of Prior Management Letter Items
June 30, 2005**

Reference # and title: **04-M1** **Issuance of Form 1099-Misc**

Condition: The Housing Authority is required to submit Form 1099-Misc to all vendors who are not incorporated if they paid them \$600 or more for services. We selected ten vendors that were paid \$600 or more during the calendar year and traced to Form 1099-Misc. We noted three of the ten tested did not receive a Form 1099-Misc that were required to have received one. The Housing Authority should review all vendors and establish procedures to ensure that all 1099 forms are sent out properly.

Corrective action taken: Procedures have been established to ensure that all 1099 forms are sent out properly.