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THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA  
REPORT ON EXAMINATION  
OF  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA  
YEAR ENDED SEPTEMBER 30, 2009

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

Release Date 8/4/10

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

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

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities which comprise the major fund of the Housing Authority of the City of Shreveport, Louisiana, as of and for the year ended September 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of September 30, 2009, and the changes in its financial position and its 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 June 23, 2010 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Further, other supplementary data as listed in the table of contents is presented for Department of Housing and Urban Development information and is not a required part of the financial statements. The accompanying schedule of expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and is not a required part of the basic financial statements. Such supplementary data, including the schedule of expenditures of federal awards, 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.

Birmingham, Alabama  
June 23, 2010

*Yeager & Boyd*  
Yeager & Boyd

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA

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

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

We have audited the financial statements of the business-type activities of the Authority as of and for the year ended September 30, 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 23, 2010. 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 Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 09-01 and 09-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-01 and 09-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 09-03 through 09-08.

The Authority's response to the findings identified in our audit is described in the accompanying schedule and questioned costs. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Commissioners, management and 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.

Birmingham, Alabama  
June 23, 2010

Yeager & Boyd

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The 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 Authority's management. Our responsibility is to express an opinion on the 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; 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 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 Authority's compliance with those requirements.

As described in items 09-02 through 09-08 in the accompanying schedule of findings and questioned costs, the Authority did not comply, with the requirements listed in items 09-02 through 09-08 that are applicable to each of its major federal programs as listed in 09-02 through 09-08. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to its programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the 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 September 30, 2009.

### Internal Control Over Compliance

The management of the 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 Authority's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance

Our Consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A Control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control over compliance. We considered the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-02 through 09-08 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 09-02 through 09-08 to be material weaknesses.

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, and 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.

Birmingham, Alabama  
June 23, 2010

*Teager & Boyd*

## **Management's Discussion and Analysis**

### **The Housing Authority of the City of Shreveport, Louisiana**

#### **Preamble**

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

#### **Presentation**

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

### **FINANCIAL HIGHLIGHTS**

- The Authority's net assets decreased at year end by \$1.4 million. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets were \$27.9 million and \$26.5 million for 2008 and 2009 respectively.
- The Authority's revenues increased by \$.8 million during 2009 primarily due to a decrease in the loss on disposition of capital assets. Revenues were \$18.2 million and \$19.0 million for 2008 and 2009 respectively.
- Total program expenses of the Authority's programs decreased by \$.2 million. Total expenses were \$20.5 million and \$20.3 million for 2008 and 2009 respectively.

## REVIEW OF THIS ANNUAL REPORT

The following information is for review and consideration:

### MD&A

Management's Discussion and Analysis

### Basic Financial Statements

Authority Wide Financial Statements  
Notes to the Financial Statements

### Other Required Supplementary Information

Required Supplementary Information

### Authority-Wide Financial Statements

The Authority-wide financial statements (see Tables 1 thru 5) are designed to be corporate-like.

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

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

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

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

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

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

### **Enterprise Fund**

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

### **Significant Programs of the Authority:**

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

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

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

### Section 8 New Construction

The Section 8 New Construction Program was established by the United States Department of Housing and Urban Development in order to provide rental assistance in connection with the development of newly constructed or substantially rehabilitated privately owned rental housing.

### Other smaller programs are:

- DHAP
- Section 8 Moderate Rehab
- ROSS
- State and Local
- Severely Distressed Public Housing
- Business Activities

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

**Table 1**  
**STATEMENT OF NET ASSETS**

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
<b>Assets:</b>			
Current Assets & Restricted Assets	\$ 8,036,870	\$ 8,795,147	\$ (758,277)
Non Current Assets	22,701,674	23,122,940	(421,266)
<b>Total Assets</b>	<b><u>\$ 30,738,544</u></b>	<b><u>\$ 31,918,087</u></b>	<b><u>\$ (1,179,543)</u></b>
<b>Liabilities:</b>			
Current Liabilities	\$ 1,270,245	\$ 918,731	\$ 351,514
Non Current Liabilities	2,959,512	3,127,540	(168,028)
<b>Total Liabilities</b>	<b><u>\$ 4,229,757</u></b>	<b><u>\$ 4,046,271</u></b>	<b><u>\$ 183,486</u></b>
<b>Net Assets:</b>			
Invested in Capital Assets			
Net of Related Debt	\$ 19,721,674	\$ 19,932,940	\$ (211,266)
Restricted Net Assets	4,057,267	5,395,423	(1,338,156)
Unrestricted Net Assets	2,729,846	2,543,453	186,393
<b>Total Net Assets</b>	<b><u>\$ 26,508,787</u></b>	<b><u>\$ 27,871,816</u></b>	<b><u>\$ (1,363,029)</u></b>

**Major Factors Affecting the Statement of Net Assets**

Current and restricted assets decreased by \$758,277, and current liabilities increased by \$351,514. Current and restricted assets decreased primarily due to a decrease in accounts receivable and investments. Current liabilities increased primarily due to an increase in accounts payable and accrued expenses.

Non-current assets decreased from \$23.1 million to \$22.7 million due to depreciation expense exceeding capital expenditures. Non-current liabilities decreased primarily due to payments on debt.

Table 2 presents details on the change in Unrestricted Net Assets

**Table 2**

Unrestricted Net Assets, September 30, 2008	\$ 2,543,453
Results of Operations	(2,813,455)
Transfer from Restricted Assets	1,338,156
Purchase of Equipment from Operations	(20,196)
Investment Income	66,598
Principal, Interest and Fees Expended on Capital Debt	(389,727)
Proceeds from the Sale of Capital Assets	5,021
Depreciation Expense	<u>1,999,996</u>
<b>Unrestricted Net Assets, September 30, 2009</b>	<b><u>\$ 2,729,846</u></b>

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

**Table 3  
Statement of Revenues and Expenses**

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
<b>Revenues:</b>			
Tenant Rental Revenue	\$ 2,255,668	\$ 2,199,620	\$ 56,048
Operating Grants	14,495,204	14,978,621	(483,417)
Capital Grants Received	1,576,240	1,370,012	206,228
Investment Income	66,598	243,773	(177,175)
Gain on Disposition of Assets	143	(964,174)	964,317
Other Income	582,636	333,189	249,447
<b>Total Revenues</b>	<b>\$ 18,976,489</b>	<b>\$ 18,161,041</b>	<b>\$ 815,448</b>
<b>Expenses:</b>			
Administrative Expenses	\$ 3,520,713	\$ 2,712,059	\$ 808,654
Tenant Services	112,492	163,708	(51,216)
Utilities	535,258	568,906	(33,648)
Maintenance & Operations	1,609,221	2,163,971	(554,750)
Protective Services	191,872	93,209	98,663
General Expense	748,089	526,934	221,155
Interest Expense	192,555	206,550	(13,995)
HAP Payments	11,429,322	12,065,010	(635,688)
Depreciation	1,999,996	2,043,446	(43,450)
<b>Total Expenses</b>	<b>\$ 20,339,518</b>	<b>\$ 20,543,793</b>	<b>\$ (204,275)</b>
<b>Excess Revenues Over Expenses</b>	<b>\$ (1,363,029)</b>	<b>\$ (2,382,752)</b>	<b>\$ 1,019,723</b>

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

There was an increase in excess revenues over expenses from the prior year. The increase was due to an increase in revenues and a decrease in expenses. Revenues increased primarily due to a decrease in the loss on disposition of capital assets. Operating grants decreased primarily due to a decrease in operating funds received from the Section 8 Moderate Rehab program and the Housing Choice Vouchers program. Expenses decreased primarily due to a decrease in tenant services, utilities, maintenance expenses and HAP payments. Tenant services decreased due to a reduction in salaries and benefits, while utilities decreased due to a reduction in usage. Maintenance costs decreased due to a reduction in salaries, benefits and contract costs. HAP payments decreased due to a reduction in the number of vouchers issued. Administrative costs increased due to an increase in salaries and benefits. Protective services increased due to an increase in salaries and contract costs. General expenses increased due to an increase in compensated absences and pilot.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of year end, the Authority had \$22,586,225 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$408,438 from the end of last year.

**TABLE 4**

	2009	2008	Variance	% Change
Land	\$ 2,577,163	\$ 2,576,608	\$ 555	0%
Buildings	49,711,545	48,097,910	1,613,635	3%
Furniture & Equipment	1,968,444	1,910,464	57,980	3%
Construction in Process	-	82,464	(82,464)	-100%
Accumulated Depreciation	(31,670,927)	(29,672,783)	(1,998,144)	7%
<b>Net Capital Assets</b>	<b><u>\$ 22,586,225</u></b>	<b><u>\$ 22,994,663</u></b>	<b><u>\$ (408,438)</u></b>	<b><u>-2%</u></b>

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, October 1, 2008	\$ 22,994,663
Additions and Disposals:	
Capital Fund Program - Improvements	1,576,240
Equipment purchases from Operating funds	20,196
Net Basis of Disposals	(4,878)
Depreciation Expense	<u>(1,999,996)</u>
Ending Balance, September 30, 2009	<u>\$ 22,586,225</u>

### Debt Outstanding

As of year-end, the Authority had \$2,980,000 in debt outstanding compared to \$3,190,000 last year, a decrease of \$210,000. This debt is Multifamily Revenue Refunding Bonds. These proceeds were used to construct a 170 unit residential rental project.

**Table 5**

#### Outstanding Debt, at Year End

	Outstanding Debt, at year End		
	2009	2008	Variance
Mortgage Revenue Bonds	<u>\$ 2,980,000</u>	<u>\$ 3,190,000</u>	<u>\$ (210,000)</u>
Total Debt	<u>\$ 2,980,000</u>	<u>\$ 3,190,000</u>	<u>\$ (210,000)</u>

## **ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

## **FINANCIAL CONTACT**

The individual to be contacted regarding this report is Chuck Huggins, Chief Financial Officer, Shreveport Housing Authority. Specific requests may be submitted to Richard Herrington, Executive Director, Shreveport Housing Authority, 2500 Line Avenue, Shreveport, Louisiana 71104.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009

ASSETS

	<u>Enterprise Fund</u>
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 3,408,053
Accounts Receivable - Other	354,953
Tenants Accounts Receivable	32,517
(Allowance for Doubtful Accounts)	(14,548)
Accrued Interest Receivable	130
Prepaid Costs	143,697
Inventory	54,801
Total Current Assets	<u>3,979,603</u>
<u>Restricted Assets</u>	
Cash and Cash Equivalents	<u>4,057,267</u>
Total Restricted Assets	<u>4,057,267</u>
<u>Capital Assets</u>	
Land	2,577,163
Buildings	49,711,545
Furniture & Equipment	1,968,444
	<u>54,257,152</u>
(Less): Accumulated Depreciation	<u>(31,670,927)</u>
Net Capital Assets	<u>22,586,225</u>
<u>Other Non-current Assets</u>	
Bond Issuance Fee Net of Amortization	<u>115,449</u>
Total Non-current Assets	<u>115,449</u>
Total Assets	<u>\$ 30,738,544</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2009

LIABILITIES AND NET ASSETS

	<b>Enterprise Fund</b>
<b>Liabilities</b>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 394,634
Accrued Wages / Payroll Taxes	42,314
Accrued Compensated Absences	156,922
Accrued Interest Payable	30,306
Accrued PILOT	91,888
Resident Security Deposits	117,024
Deferred Revenue	20,048
Current Maturities of Long Term Debt	225,000
Other Current Liabilities	192,109
Total Current Liabilities	<u>1,270,245</u>
<u>Long-Term Liabilities</u>	
Bonds Payable	2,755,000
Accrued Compensated Absences	204,512
Total Long-Term Liabilities	<u>2,959,512</u>
Total Liabilities	<u>4,229,757</u>
<u>Net Assets</u>	
Investment in Capital Assets Net of Related Debt	19,721,674
Restricted Net Assets	4,057,267
Unrestricted Net Assets	2,729,846
Total Net Assets	<u>26,508,787</u>
Total Liabilities and Net Assets	<u>\$ 30,738,544</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>Enterprise Fund</b>
<u>Operating Revenues</u>	
Dwelling Rent	\$ 2,255,668
Operating Grants	14,495,204
Other Income	582,636
Total Operating Revenues	<u>17,333,508</u>
<u>Operating Expenses</u>	
Administrative	3,520,713
Tenant Services	112,492
Utilities	535,258
Maintenance and Operations	1,609,221
Protective Services	191,872
General Expense	748,089
Housing Assistance Payments	11,429,322
Depreciation	1,999,996
Total Operating Expenses	<u>20,146,963</u>
Operating Income (Loss)	<u>(2,813,455)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Investment Income	66,598
Interest Expense	(192,555)
Gain (Loss) on Disposal of Capital Assets	143
Total Non-Operating Rev/(Exp)	<u>(125,814)</u>
Increase (Decrease) in Net Assets Before Capital Contributions and Transfers	<u>(2,939,269)</u>
Capital Contributions	<u>1,576,240</u>
Increase (Decrease) in Net Assets Before Net Assets, Beginning	(1,363,029) <u>27,871,816</u>
Net Assets, Ending	<u>\$ 26,508,787</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>Enterprise Fund</b>
<b><u>Cash flows from operating activities:</u></b>	
Cash Received from Dwelling Rent	\$ 2,194,646
Cash Received from Operating Grants	14,609,337
Cash Received from Other Sources	593,022
Cash Payments for Salaries & Benefits	(3,432,557)
Cash Payments to Vendors and Landlords	<u>(14,189,287)</u>
Net Cash flows provided (used) by operating activities	<u>(224,839)</u>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Net cash flows provided (used) by non-capital financing activities	<u>-</u>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Capital Outlay	(1,596,436)
Capital Grants Received	1,765,616
Cash Received from Sale of Fixed Assets	5,021
Principal and interest payments on Capital Debt	<u>(404,699)</u>
Net cash flows provided (used) by capital and related financing activities	<u>(230,498)</u>
<b><u>Cash flows from investing activities:</u></b>	
Transfer from (to) Investments	442,327
Interest earned from cash and cash equivalents	67,088
Net cash flows provided (used) by investing activities	<u>509,415</u>
Net Increase (decrease) in cash and cash equivalents	<u>54,078</u>
Cash and cash equivalents, beginning of year:	<u>7,411,242</u>
Total cash and cash equivalents, end of year	<u>\$ 7,465,320</u>
<b><u>Reconciliation of operating income to net cash provided by (used in) operating activities:</u></b>	
Operating Income (Loss)	\$ (2,813,455)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	1,999,996
Amortization	12,828
Bad Debt Expense	50,625
Change in Tenants Accounts Receivable	(61,022)
Change in Accounts Receivable - Other	106,023
Change in Prepaid Expenses	81,190
Change in Inventory	3,346
Change in Accounts Payable	179,175
Change in Accrued Wages and Payroll Taxes	58,671
Change in Accrued Expenses	83,430
Change in Tenant Security Deposits	10,386
Change in Deferred Revenue	8,110
Change in Other Current Liabilities	<u>55,858</u>
Net cash provided by (used in) operating activities	<u>\$ (224,839)</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements as well as pronouncements issued by the Financial Accounting Standards Board on or before November 30, 1989, and those issued after November 30, 1989 except for those that conflict with or contradict Governmental Accounting Standards Board pronouncements.

Cash

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

Accounts Receivable

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

Prepaid Items

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

Deferred Revenue

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Inventory

Inventories consist of supplies that have not been used or consumed. Inventory is valued at average cost and is recorded as an expense when it is used or consumed.

Property and Equipment

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

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

Revenue Accounting Policies

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

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

Intangible Assets

In accordance with SFAS 142 intangible assets with finite useful lives will be amortized over their estimated useful life. Bond issuance costs consist primarily of unamortized revenue bond issuance costs. Expenses relating to the issuance of the capital program bonds are capitalized and amortized on a straight-line basis over the term of the bond's maturity.

Cost Allocation Plan

In accordance with OMB Circular A-87, the Authority utilizes a Cost Allocation Plan. The Authority allocates indirect costs to programs on the basis of one of the following methods: direct salaries and wages, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed or the allotment stipulated in contractual agreements.

NOTE B - REPORTING ENTITY DEFINITION

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

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B - REPORTING ENTITY DEFINITION - CONTINUED

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

The Resident Advisory Board is a legally separate entity. The Resident Advisory Board is fiscally dependent on the Authority as the Authority provides 100% of their funding. The Resident Advisory Board is included through blended presentation because it exclusively benefits the Authority by providing services indirectly to the Authority. The Board was established to administer several federal programs for the Authority. The Board does not provide services other than to administer these federal programs for the Authority.

NOTE C - CASH AND INVESTMENT DEPOSITS

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

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

The Authority's cash and cash equivalents consist of cash held in interest bearing checking accounts totaling \$3,182,328 and \$225,000 including debt service funds restricted for payment of current debt. The restricted cash consists of \$3,308,073 held in interest bearing checking accounts including \$749,194 in debt service funds. The remaining \$725 is held in cash in petty cash funds. Deposits with financial institutions are secured as follows:

Insured by FDIC	\$ 250,000
Investments held in U.S. Treasury Obligations	-
Collateralized with specific securities in the Authority name which are held by the financial institution	7,214,595
Uncollateralized	-
	<u>\$ 7,464,595</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE C - CASH AND INVESTMENT DEPOSITS - CONTINUED

All investments are carried at cost plus accrued interest, which approximates market. The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

NOTE D - CONTRACTUAL COMMITMENTS

The significant Outstanding Contractual Commitments as of the Balance Sheet Date are as follows:

<u>Type Commitment</u>	<u>Amount</u>
Renovations	\$679,099

NOTE E - RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workman's compensation. The Authority established a risk management program for employee's group health insurance in 1995 (Note M). The Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

NOTE F - CONCENTRATION OF RISK

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

NOTE G - SIGNIFICANT ESTIMATES

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

NOTE H - COMPENSATED ABSENCES

The Authority follows Louisiana Civil Service regulations for accumulated annual leave and sick time. Employees may accumulate up to 300 hours annual leave which may be received upon termination or retirement. In a case where the employee notifies the Authority not less than six months prior to retirement or resignation, annual leave in excess of 300 may be utilized prior to separation of employment. Sick leave hours accumulate, but the employee is not paid for them if not used by the retirement or termination date. Leave accrued but not yet paid as of September 30, 2009, is shown as a liability allocated between current and noncurrent.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE I - PENSION PLAN

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Authority contributes an amount equal to 8% of the employees' base salary (excluding overtime). The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Up to 100% of Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are refundable to the Authority, and are used to offset future contributions of the Housing Authority. During the current audit period, total contributions made by the Authority and employees totaled \$227,566.

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

NOTE J – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows at September 30, 2009.

	PUBLIC HOUSING & CAPITAL FUND	SECTION 8 NEW CONSTRUCTION	REVITALIZATION OF SEVERLY DISTRESSED PUBLIC HOUSING	RESIDENT OPPORTUNITY SUPPORTIVE SERVICES
Land	\$ 1,660,270	\$ 411,180	\$ -	\$ -
Building and Improvements	39,937,970	4,283,637	15,300	-
Furniture, Fixtures and Equipment	1,030,719	168,892	-	19,162
Construction in Process	-	-	-	-
Less Accumulated Depreciation	(26,591,919)	(2,013,459)	-	(19,162)
Total Property and Equipment	<u>\$ 16,037,040</u>	<u>\$ 2,850,250</u>	<u>\$ 15,300</u>	<u>\$ -</u>

	HOUSING CHOICE VOUCHERS	STATE / LOCAL	BUSINESS ACTIVITIES	COCC
Land	\$ -	\$ -	\$ 505,713	\$ -
Building and Improvements	887,650	-	4,586,988	-
Furniture, Fixtures and Equipment	432,765	6,763	90,029	220,114
Construction in Process	-	-	-	-
Less Accumulated Depreciation	(739,380)	(5,725)	(2,081,500)	(219,782)
Total Property and Equipment	<u>\$ 581,035</u>	<u>\$ 1,038</u>	<u>\$ 3,101,230</u>	<u>\$ 332</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE J – PROPERTY AND EQUIPMENT - CONTINUED

	October 1, 2008 <u>Balance</u>	<u>Additions</u>	<u>Transfers &amp; Deletions</u>	September 30, 2009 <u>Balance</u>
Land	\$ 2,576,608	\$ -	\$ 555	\$ 2,577,163
Construction in Process	<u>82,464</u>	<u>-</u>	<u>(82,464)</u>	<u>-</u>
Total Assets not being depreciated	2,659,072	-	(81,909)	2,577,163
Buildings and Improvements	48,097,910	1,531,726	81,909	49,711,545
Furniture and Equipment	<u>1,910,464</u>	<u>64,710</u>	<u>(6,730)</u>	<u>1,968,444</u>
Total Capital Assets	52,667,446	1,596,436	(6,730)	54,257,152
Less Accumulated Depreciation	<u>(29,672,783)</u>	<u>(1,999,996)</u>	<u>1,852</u>	<u>(31,670,927)</u>
Net Book Value	<u>\$ 22,994,663</u>	<u>\$ (403,560)</u>	<u>\$ (4,878)</u>	<u>\$ 22,586,225</u>

NOTE K – BONDS PAYABLE

In August of 1993, the Authority issued \$5,295,000 in Multifamily Mortgage Revenue Refunding Bonds, Series 1993A in order to acquire and construct a 170-unit multifamily residential rental project, the Goodman Plaza Assisted Project, located in Shreveport, Louisiana. The bonds are to be repaid from the rent, Housing Assistance Payments and other income generated from the property. The purchase contract required the Authority to create and maintain a Bond Fund, Debt Service Fund, Mortgage Payment Fund, Operating Fund, and Repair and Replacement Fund with the funds being administered by an outside Trustee (the current Trustee is The Bank of New York, formerly JP Morgan Chase). All the required funds were created and are being maintained. The bond interest rates vary from 3.25%, in August 1, 1994, to 6.10%, in August 1, 2019. The bonds are collateralized by the revenues derived from the operations of Goodman Plaza. Interest paid and expensed during the year was \$192,555.

Future bond payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2010	225,000	181,836	\$ 2,755,000
2011	235,000	168,056	2,520,000
2012	255,000	153,720	2,265,000
2013	265,000	138,166	2,000,000
2014	290,000	122,000	1,710,000
2015 - 2019	1,710,000	326,044	-
Total Payments	<u>\$ 2,980,000</u>	<u>\$ 1,089,822</u>	

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE L – LONG TERM DEBT

Long term debt at September 30, 2009 consisted of the following:

	October 1, 2008			September 30, 2009
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Bonds Payable	\$ 3,190,000	\$ -	\$210,000	\$ 2,980,000
Accrued Compensated Absences	248,391	113,043	-	361,434
Less: Current Portion	(310,851)			(381,922)
Long Term Liabilities	<u>\$ 3,127,540</u>			<u>\$ 2,959,512</u>

NOTE M – SELF-INSURANCE

The Authority is partially self-insured for employee's group and health insurance coverage. Claims are funded through employee contributions and operating funds of the Authority. The Authority maintains stop-loss coverage with an insurance company for claims in excess of \$5,000 per claim for each employee. All known claims filed and an estimate of incurred but not reported claims based on experience of the Authority are made and accrued as necessary in the financial statements. Changes in the balances of claims liabilities during the past three years are as follows:

	2007	2008	2009
Unpaid Claims, beginning of fiscal year	\$ 36,045	52,813	91,995
Incurred claims	105,647	91,995	159,757
Claim Payments	(88,879)	(52,813)	(91,995)
Unpaid Claims, end of fiscal year	<u>\$ 52,813</u>	<u>\$ 91,995</u>	<u>\$ 159,757</u>

NOTE N – INTERPROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and subsequently reimbursed by the Public Housing Program. Balances due for such charges are reflected in the Interprogram Due to/Due from account balances. Interprograms at September 30, 2009 consisted of the following:

Low Rent Pubic Housing	\$ 940,514
Section 8 Moderate Rehab	36,215
DHAP	535,987
Business Activities	216,406
ROSS	28,746
Capital Fund Program	(122,747)
Section 8 New Construction	(759,035)
HOPE VI	(7,531)
Housing Choice Vouchers	(665,856)
State/Local	(85,025)
COCC	(117,674)
Total	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE O – DEFERRED FINANCING COSTS

Cost relating to obtaining the Revenue Bond financing are capitalized and amortized over the term of the related debt using the straight line method. Capitalized bond issue costs and discounts total \$320,693 and accumulated amortization at September 30, 2009 was \$205,244 (for a net of \$115,449). When a loan is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations.

NOTE P – RESTRICTED CASH

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

Restricted for HAP Payments	\$ 3,308,073
Restricted for Debt Service and Related Reserves	749,194
	<u>\$ 4,057,267</u>

NOTE Q – RESTRICTED NET ASSETS

Restricted net assets consist of the following:

Restricted for HAP Payments	\$ 3,308,073
Restricted for Debt Service and Related Reserves	749,194
	<u>\$ 4,057,267</u>

Housing Assistance Payment (HAP) funds are available to the Authority under the Section 8 Housing Choice Vouchers program. These funds are to be used only for HAP expenditures of the program.

NOTE R – ACCOUNTS RECEIVABLE – OTHER

Accounts Receivable – Other, consists of the following:

Accounts Receivable - HUD	\$ 325,768
Accounts Receivable - Land Acquisition	20,160
Accounts Receivable - Miscellaneous	9,025
	<u>\$ 354,953</u>

## NOTES TO FINANCIAL STATEMENTS -- CONTINUED

### NOTE S -- COMMITMENTS AND CONTINGENCIES

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

In the current year, finding 09-02 identifies questionable payments made. The payments in the current year of \$176,599 are not considered material for the purposes of the financial statements and Federal Awards opinions. However, since the finding encompasses a number of prior years, the aggregate amount of questioned costs is in the amount of \$1,043,819. This amount in aggregate would be considered a material contingency if the amount in question was disallowed by HUD and a recoupment of the funds initiated.

### NOTE T -- SUBSEQUENT EVENTS

In preparing financial statements, management evaluated subsequent events through June 23, 2010, the date the financial statements were issued.

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
 SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM  
 SEPTEMBER 30, 2009

ASSETS

	Public Housing Program	Capital Fund Program	Section 6 New Construction	Section 8 Moderate Rehabilitation	Rehabilitation of Severely Distressed Public Housing	Resident Opportunity Supportive Services	Housing Choice Vouchers	Disaster Voucher	DIAP	State/Local	Business Activities	COCC	Elimination	Total
<b>Current Assets</b>														
Cash and Cash Equivalents	\$ 1,082,766	\$ -	\$ 477,808	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 415	\$ 90,257	\$ 401,989	\$ 1,354,617	\$ -	\$ 3,408,053
Accounts Receivable - Other	111,081	127,837	-	65,450	-	-	456	-	-	9,081	20,160	308	-	354,953
Tenant Accounts Receivable (Allowance for Doubtful Accounts)	19,279	-	2,825	-	-	-	-	1,100	-	-	(9,820)	-	-	32,517
Acquired Interest Receivable	(4,728)	-	-	-	-	-	-	-	-	-	-	-	-	(14,548)
Prepaid Costs	130	-	-	-	-	-	-	-	-	-	-	-	-	130
Inventory	49,517	-	-	-	-	-	-	-	-	-	-	143,897	-	143,897
Interprogram Receivable	940,514	-	-	36,215	-	29,746	-	-	-	-	-	5,284	-	94,801
Total Current Assets	2,198,133	127,637	480,634	121,665	-	28,746	656	-	535,967	99,338	641,048	1,503,908	(1,757,868)	3,070,903
<b>Restricted Assets</b>														
Cash and Cash Equivalents	-	-	749,184	-	-	-	3,308,073	-	-	-	-	-	-	4,057,267
Total Restricted Assets	-	-	749,184	-	-	-	3,308,073	-	-	-	-	-	-	4,057,267
<b>Capital Assets</b>														
Land	1,690,270	-	411,180	-	-	-	-	-	-	-	505,713	-	-	2,577,163
Buildings	36,817,363	3,320,667	4,283,037	-	15,300	-	687,650	-	-	-	4,586,968	-	-	49,711,548
Furniture & Equipment	695,332	66,387	168,862	-	-	19,162	432,765	-	-	6,783	90,078	220,114	-	1,966,444
Construction in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Less): Accumulated Depreciation	(26,599,038)	(2,281)	(2,013,459)	-	15,300	19,162	1,320,415	-	-	(6,783)	(5,182,730)	220,114	-	54,257,152
Net Capital Assets	12,653,927	3,393,713	2,850,250	-	15,300	(19,182)	(739,380)	-	-	(5,725)	(2,081,500)	(218,782)	-	(31,670,927)
<b>Other Noncurrent Assets</b>														
Bond Insurance Fee Net of Amortization	-	-	115,449	-	-	-	561,035	-	-	1,036	3,101,235	332	-	22,686,235
Total Non-current Assets	-	-	115,449	-	-	-	561,035	-	-	1,036	3,101,235	332	-	22,686,235
<b>Total Assets</b>	\$ 14,849,468	\$ 3,511,550	\$ 4,195,627	\$ 121,665	\$ 15,300	\$ 28,746	\$ 3,869,764	\$ -	\$ 537,502	\$ 100,378	\$ 3,742,278	\$ 1,504,238	\$ (1,757,868)	\$ 30,739,544

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
 SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM  
 SEPTEMBER 30, 2008

LIABILITIES AND NET ASSETS

Liabilities	Public Housing Program	Capital Fund Programs	Section 8 New Construction	Section 8 Moderate Rehabilitation	Revolving Division				State/Local	Business Activities	COGC Estimation	Total
					Public Housing	Distressed Public Housing	Resident Opportunity Supportive Services	Housing Choice Vouchers				
<b>Current Liabilities</b>	\$ 103,706	\$ 5,090	\$ 59,351	\$ 227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,022	\$ 182,717	\$ 394,634
Accounts Payable	-	-	-	-	-	-	-	-	-	897	41,917	42,314
Accrued Wages / Payroll Taxes	27,503	-	6,043	630	-	-	-	-	-	5,860	100,872	156,922
Accrued Compensated Absences	-	-	30,305	-	-	-	-	-	-	-	-	30,305
Accrued Interest Payable	91,898	-	-	-	-	-	-	-	-	-	-	91,898
Accrued PILOT	86,342	-	30,768	-	-	-	-	-	-	19,914	-	117,024
Resident Security Deposits	14,319	-	14,319	-	-	-	-	2,241	-	2,735	-	20,048
Deferred Revenue	83,246	-	225,000	-	-	-	-	-	-	-	-	225,000
Current Maturities of Long Term Debt	-	122,747	799,035	-	227	-	-	108,636	-	-	-	182,109
Other Current Liabilities	-	-	-	-	-	-	-	85,025	-	-	117,674	1,757,898
Interprogram Payable	387,003	127,837	1,109,258	1,284	7,531	-	817,859	87,266	48,228	442,680	(1,757,898)	1,270,245
Total Current Liabilities	62,349	127,837	3,878,656	2,284	7,531	-	836,802	87,266	48,228	536,664	(1,757,898)	4,229,757
<b>Long-Term Liabilities</b>	-	-	2,755,000	-	-	-	-	-	-	-	-	2,755,000
Bonds Payable	-	-	15,600	1,000	-	-	18,974	-	-	12,805	93,784	204,512
Accrued Compensated Absences	82,349	-	2,770,800	1,000	-	-	18,974	-	-	12,805	93,784	2,969,512
Total Long-Term Liabilities	449,852	127,837	3,878,656	2,284	7,531	-	836,802	87,266	-	81,033	536,664	4,229,757
Total Liabilities	12,653,327	3,363,719	(14,301)	-	-	15,300	581,035	1,038	3,101,250	332	-	19,721,874
Investment in Capital Assets	-	-	749,194	-	-	-	3,308,073	-	-	-	-	4,057,267
Net of Restricted Debt	17,465,787	-	(418,222)	119,391	28,746	(7,931)	(638,146)	537,502	590,015	867,242	-	2,729,546
Restricted Net Assets	14,400,114	3,363,713	316,671	119,391	7,769	28,746	3,052,962	537,502	3,681,245	967,574	-	29,958,787
Unrestricted Net Assets	\$14,849,466	\$ 3,511,550	\$ 4,136,527	\$ 121,665	\$ 15,300	\$ 28,746	\$ 3,889,784	\$ 100,370	\$ 3,742,278	\$ 1,504,238	\$ (1,757,898)	\$ 30,736,544
Total Liabilities and Net Assets												

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BY PROGRAM  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Public Housing Program	Capital Fund	Section 6 New Construction	Section 6 Moderate Rehabilitation	Rehabilitation of Severely Distressed Public Housing		Resident Opportunity Supportive Services	Housing Choice Vouchers	Disaster Voucher	DHAP	Social Local	Business Assets	GOOD	Eliminated	Total	
					Public Housing	Rehabilitation										
<b>OPERATING REVENUES</b>																
Dwelling Rent	\$ 1,165,766	\$ 417,452	\$ 289,712	\$ 1,690,154	\$ 30,406	\$ 7,531	\$ 28,746	\$ 10,912,484	\$ -	\$ 500,027	\$ 8,536	\$ 648,450	\$ -	\$ -	\$ 2,235,668	
Operating Grants	1,949,859	612,326	892,771	118,349	1,181,349	-	-	1,181,349	-	-	-	121,204	1,414,515	(1,174,253)	14,485,204	
Other Income	10,050	-	-	-	-	-	-	-	-	-	-	789,654	1,414,515	(1,174,253)	582,636	
Total Operating Revenues	3,145,775	1,122,349	289,712	1,808,503	1,181,349	7,531	28,746	11,690,653	-	500,027	8,536	789,654	1,414,515	(1,174,253)	17,333,608	
<b>OPERATING EXPENSES</b>																
Administrative	939,878	102,645	16,204	1,690,154	30,406	7,531	28,746	11,690,653	-	74,119	3,453	447,153	1,158,797	(1,174,253)	3,520,713	
Tenant Services	50,500	4,201	-	13,988	-	-	-	-	-	142	-	54,407	25,361	-	112,482	
Utilities	234,964	206,496	-	103,866	-	-	-	-	-	-	-	278,368	62,721	-	535,259	
Maintenance and Operations	890,473	372,769	-	104,043	-	-	-	-	-	-	-	83,950	54,295	-	1,609,221	
Protective Services	87,820	41,775	4,032	186,032	-	-	-	-	-	-	-	124,243	40,847	-	1,811,872	
General Expense	367,885	131,353	161,956	11,017,581	26,378	-	-	-	-	249,775	1,874	969,743	1,343,975	(1,174,253)	746,088	
Housing Assistance Payments	1,615,803	1,023,225	(82,212)	13,128,413	-	-	-	-	-	324,035	4,827	869,743	1,343,975	(1,174,253)	3,969,956	
Depreciation	4,223,141	-	-	(7,531)	(2,007,580)	-	-	-	-	265,962	3,709	(200,098)	71,840	-	(2,813,456)	
Total Operating Expenses	(1,075,366)	99,324	107,509	(7,531)	(2,007,580)	-	28,746	(2,007,580)	-	265,962	3,709	(200,098)	71,840	-	(2,813,456)	
Operating Income (Loss)	3,106	5,840	(82,212)	1,808,503	1,181,349	7,531	28,746	11,690,653	-	234,065	5,827	989,752	1,343,975	(1,174,253)	14,520,152	
<b>Non-Operating Revenues (Expenses)</b>																
Investment Income	-	-	-	-	-	-	-	-	-	415	284	5,002	6,816	-	66,598	
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(192,549)	
Gain (Loss) on Disposal of Capital Assets	143	(182,555)	-	43,333	-	-	-	-	-	-	-	-	-	-	143	
Total Non-Operating Rev/(Exp)	5,291	(186,815)	-	43,333	-	-	-	-	-	415	284	5,002	6,816	-	(125,811)	
Increase (Decrease) in Net Assets Before Capital Contributions and Transfers	(1,070,115)	(87,591)	107,500	(7,531)	28,746	(2,054,247)	28,746	(2,054,247)	-	236,407	3,983	(195,097)	78,656	-	(2,939,269)	
Operating Transfers	-	1,578,240	-	-	-	-	-	-	-	-	-	-	-	-	1,578,240	
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (Decrease) in Net Assets	(1,070,115)	1,578,240	(87,591)	(7,531)	28,746	(2,054,247)	28,746	(2,054,247)	-	236,407	3,983	(195,097)	78,656	-	(1,361,029)	
Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Assets, Beginning	15,670,228	1,807,473	732,387	74,443	15,300	4,853,547	125,557	281,095	9,117	3,876,332	876,356	13,110	\$3,687,245	\$ 967,574	27,871,818	
Net Assets, Ending	\$14,600,114	\$ 3,385,713	\$ 318,671	\$ 119,381	\$ 7,798	\$3,052,962	\$ 125,557	\$ 252,347	\$ 9,117	\$ 3,876,332	\$ 876,356	\$ 13,110	\$ 967,574	\$ -	\$ 26,598,101	

**THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOUISIANA  
 SCHEDULE OF COMPLETED PROGRAM COSTS - CAPITAL FUND PROGRAM  
 SEPTEMBER 30, 2009**

	<b>Public Housing Capital Fund Program LA48P00250106</b>	<b>Public Housing Capital Fund Program LA48P00250107</b>
Funds Approved	\$ 1,480,069	\$ 1,071,882
Funds Disbursed	1,480,069	1,071,882
Excess Funds Approved	<u>\$ -</u>	<u>\$ -</u>

Funds Advanced	\$ 1,480,069	\$ 1,071,882
Funds Disbursed	1,480,069	1,071,882
Excess Funds (Deficiency)	<u>\$ -</u>	<u>\$ -</u>

	<b>Public Housing Capital Fund Program LA48R00250107</b>	<b>Public Housing Capital Fund Program LA48R00250108</b>
Funds Approved	\$ 396,213	\$ 317,041
Funds Disbursed	396,213	317,041
Excess Funds Approved	<u>\$ -</u>	<u>\$ -</u>

Funds Advanced	\$ 396,213	\$ 317,041
Funds Disbursed	396,213	317,041
Excess Funds (Deficiency)	<u>\$ -</u>	<u>\$ -</u>

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

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
 SHREVEPORT, LOUISIANA  
 SUMMARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED SEPTEMBER 30, 2009

EXPENDITURES

Low Rent Public Housing Expenditures Total CFDA Number 14.850a	<u>\$ 1,949,959</u>
Section 8 New Construction Total CFDA Number 14.182	<u>612,326</u>
Section 8 Moderate Rehabilitation Total CFDA Number 14.856	<u>289,712</u>
Resident Opportunity and Supportive Services Total CFDA Number 14.870	<u>28,746</u>
Section 8 Housing Choice Vouchers Total CFDA Number 14.871	<u>10,912,484</u>
Public Housing Capital Fund Program Total CFDA Number 14.872	<u>1,689,554</u>
Total HUD Expenditures	<u>15,482,781</u>
Disaster Housing Assistance Program Total CDFA Number 97.109	<u>580,027</u>
Total Federal Emergency Management Agency Expenditures	<u>580,027</u>
TOTAL FEDERAL EXPENDITURES	<u>\$ 16,062,808</u>

*Basis of Presentation:*

The above schedule of expenditures of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.







THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
 SHREVEPORT, LOUISIANA  
 FINANCIAL DATA SCHEDULE  
 SEPTEMBER 30, 2009

ACCOUNT NUMBER	DESCRIPTION	CHAS 9/30/09	STATE/ LOCAL	RESERVED ACTIVITIES	COAC	ELABORATIONS	TOTAL
100	ASSETS						
101	CURRENT ASSETS						
111	CASH UNRESTRICTED	415	39,257	382,075	1,254,011		1,765,758
112	CASH RESTRICTED - RESERVATION AND DEV						
113	CASH ON HAND						
114	CASH ON HAND - RESTRICTED						
115	CASH ON HAND - SECURITY DEPOSIT			31,914			31,914
116	CASH ON HAND - SECURITY DEPOSIT						
117	TOTAL CASH	415	39,257	413,989	1,254,011		1,765,758
120	ACCOUNTS AND NOTES RECEIVABLE						
121	A/A - PMA PROJECTS		820				820
122	A/A - RUD PROJECTS						
123	A/A - OTHER DOWT						
124	A/A - MISC		9,151	29,150	308		39,409
125	A/A - TRUSTS INCLUDING RENT			31,313			31,313
126	ALLOWANCE FOR D A - TRUSTS	1,109		(19,020)			(17,911)
127	ALLOWANCE FOR D B - OTHER						
128	NOTES AND RECEIVABLE RECEIVABLE						
129	PLANO RECEIVABLE						
130	ALLOWANCE FOR PLANO RECEIVABLE						
131	ACCOUNTS RECEIVABLE						
132	ALLOWANCE INTEREST RECEIVABLE	1,109	9,081	22,453	308		33,951
133	TOTAL RECEIVABLES NET OF ALLOW						
134	CURRENT INVESTMENTS						
135	INVESTMENTS - UNRESTRICTED						
136	INVESTMENTS - RESTRICTED						
137	PREPAID INSURANCE				143,497		143,497
138	PREPAID INSURANCE				3,284		3,284
139	INVENTORY - MATERIALS						
140	ALLOWANCE FOR INVENTORY INV	515,887		215,464		(1,797,840)	(1,097,417)
141	INVENTORY - OTHER						
142	INVENTORY - OTHER						
143	INVENTORY - OTHER						
144	INVENTORY - OTHER						
145	INVENTORY - OTHER						
146	INVENTORY - OTHER						
147	INVENTORY - OTHER						
148	INVENTORY - OTHER						
149	INVENTORY - OTHER						
150	TOTAL CURRENT ASSETS	517,302	91,338	441,048	1,504,906	(1,797,840)	1,255,854
151	NON-CURRENT ASSETS						
152	LAND						
153	IMPROVEMENTS						
154	FURNITURE & EQUIPMENT - OPERATING						
155	FURNITURE & EQUIPMENT - ADMINISTRATIVE						
156	LEASEHOLD IMPROVEMENTS						
157	CONSTRUCTION IN PROGRESS						
158	ACCUMULATED DEPRECIATION						
159	TOTAL FIXED ASSETS, NET OF DEPR						
160	OTHER ASSETS						
161	INVESTMENTS IN JOINT VENTURES						
162	INVESTMENTS IN JOINT VENTURES						
163	INVESTMENTS IN JOINT VENTURES						
164	INVESTMENTS IN JOINT VENTURES						
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166	INVESTMENTS IN JOINT VENTURES						
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177	INVESTMENTS IN JOINT VENTURES						
178	INVESTMENTS IN JOINT VENTURES						
179	INVESTMENTS IN JOINT VENTURES						
180	TOTAL NON-CURRENT ASSETS						
181	TOTAL ASSETS	517,302	100,376	441,048	1,504,906	(1,797,840)	1,255,854
182	LIABILITIES AND EQUITY						
183	CURRENT LIABILITIES						
184	BANK OVERDRAFT						
185	A/P & P/D DUES			18,032	182,712		200,744
186	A/P & P/D DUES						
187	ACCRUED WAGE/PAYROLL TAXES PAYABLE			687	41,417		42,104
188	ACCRUED COMPENSATED ABSENCE			3,840	180,072		183,912
189	ACCRUED COMPENSATED ABSENCE						
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THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
 SHREVEPORT, LOUISIANA  
 FINANCIAL DATA SCHEDULE  
 SEPTEMBER 30, 2005

	DEBITOR VOUCHER 14,009	GRAN 97,189	STATE/ LOCAL	UNREVENUE ACTIVITIES	CHGE	RECONCILIATIONS	TOTAL
LIABILITIES							
351 LONG TERM DEBT NET OF CURRENT CAPITAL	-	-	-	-	-	-	2,755,600
352 LONG TERM DEBT NET OF CURRENT OPERATING	-	-	-	-	-	-	244,512
353 LONG TERM DEBT NET OF CURRENT BALANCE	-	-	-	13,835	83,781	-	2,959,512
354 PREPAYMENT LIABILITIES OTHER	-	-	-	12,885	87,748	-	2,959,512
355 TOTAL LIABILITIES	-	-	-	26,720	171,529	-	5,914,024
356 TOTAL LIABILITIES	-	-	-	26,720	171,529	-	5,914,024
NET ASSETS							
361 INVESTMENT IN ORIGINAL FUND ASSETS	-	-	81,264	61,921	538,444	(1,737,888)	4,239,737
362 CAPITALIZED CAPITAL	-	-	-	-	-	-	-
363 PRESENT NOTES (800)	-	-	-	-	-	-	-
364 LONG TERM DEBT - BUD GUARANTEE	-	-	-	-	-	-	-
365 NET FCF FOR DEB CONDUCTIONS	-	-	-	-	-	-	-
366 OTHER BUD CONTRIBUTIONS	-	-	-	-	-	-	-
367 OTHER CONTRIBUTIONS	-	-	-	-	-	-	-
368 TOTAL CONTRIBUTED CAPITAL	-	-	-	-	-	-	-
369 INVESTMENT IN CAPITAL ASSETS	-	-	1,008	3,101,230	312	-	19,721,674
370 RESERVED FUND BALANCE	-	-	-	-	-	-	-
371 RESERVED FOR OPERATING ACTIVITIES	-	-	-	-	-	-	-
372 TOTAL ASSETS	-	-	-	3,101,230	312	-	19,721,674
373 RESTRICTED NET ASSETS	-	-	-	-	-	-	4,057,287
374 UNRESTRICTED NET ASSETS	-	-	-	-	-	-	2,739,845
375 DEBT-RELATED FUND BALANCE/FE	-	537,502	12,072	186,015	987,242	-	26,809,787
376 UNRESTRICTED NET ASSETS	-	537,502	12,110	3,481,245	987,242	-	30,736,544
377 TOTAL EQUITY	-	537,502	12,110	3,481,245	987,242	-	30,736,544
378 TOTAL LIABILITIES AND EQUITY	-	537,502	12,110	3,481,245	987,242	-	30,736,544
379 NET INVESTMENT SERVICE	-	-	-	632,841	-	-	71,905
380 NET INVESTMENT - OTHER	-	-	-	12,509	-	-	2,235,689
381 TOTAL INVESTMENT SERVICE	-	-	-	645,350	-	-	2,307,594
382 BUD FEA GRANTS	-	-	-	-	-	-	13,806,541
383 CAPITAL GRANTS RECEIVED	-	-	-	-	-	-	1,274,240
384 MANAGEMENT FEE	-	-	-	-	-	-	759,293
385 ASSET MANAGEMENT FEE	-	-	-	-	-	-	(131,680)
386 BOOK-KEEPING FEE	-	-	-	-	-	-	283,240
387 POWER LINE SERVICE FEE	-	-	-	-	-	-	-
388 OTHER FEES	-	-	-	-	-	-	-
389 OTHER GOVT GRANTS	-	580,087	8,636	-	-	-	588,723
390 INC & INCOME	-	-	-	-	-	-	66,598
391 INVESTMENT INCOME - UNRESTRICTED	-	415	284	5,003	6,416	-	80,923
392 BUSINESS LICENSE FEE	-	-	-	-	-	-	502,514
393 FUND ACQUISITION	-	-	-	-	-	-	143
394 OTHER REVENUE	-	-	-	121,894	240,282	-	382,176
395 NET ON LOAN ON THE BASIS OF FIXED ASSETS	-	-	-	-	-	-	-
396 INVESTMENT INCOME - RESTRICTED	-	-	-	-	-	-	-
397 TOTAL REVENUE	-	510,442	8,920	774,654	1,421,331	(1,374,253)	19,974,489
398 EXPENSES							
399 ADMINISTRATIVE	-	-	-	-	-	-	1,741,513
400 AUDITING FEES	-	-	-	72,036	651,245	-	66,934
401 MANAGEMENT FEES	-	5,340	-	26,338	-	(759,183)	-
402 BOOKKEEPING FEE	-	3,139	-	11,540	-	(785,182)	-
403 ADVERTISING AND MARKETING	-	-	-	-	-	-	708,337
404 EMPLOYEE BENEFIT CONTRIBUTION	-	-	-	84,848	245,704	-	3,019,923
405 OTHER OPERATING ADMINISTRATIVE	-	45,440	3,433	114,380	241,132	-	1,127,689
406 ASSET MANAGEMENT FEE	-	-	-	11,600	-	-	-
407 TRAVEL SERVICES	-	-	-	-	-	-	10,458
408 TRAVEL SERVICES BALANCE	-	-	-	-	-	-	100,833
409 RELOCATION COSTS	-	-	-	622	554	-	81,296
410 EMPLOYEE BENEFIT CONTRIBUTION	-	-	-	-	-	-	19,432
411 UTILITIES	-	-	-	11,770	247	-	2,872
412 WATER	-	-	-	21,678	19,432	-	37,318
413 ELECTRICITY	-	-	-	142	5,425	-	-
414 GAS	-	-	-	-	-	-	-



THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2009

**Section I: Summary of Auditor's Results:**

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major programs:  
Are material weaknesses identified?  Yes  None  
Are significant deficiencies that are not considered  
to be material weaknesses identified?  Yes  None  
Reported  
Type of report issued on compliance with requirements  
applicable to each major program: Qualified  
Are there any audit findings that are required to be  
reported in accordance with Section 510(a) of OMB  
Circular A-133?  Yes  No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA No.</u>
Housing Choice Vouchers	14.871

Dollar threshold used to distinguish between type A and type B programs: \$481,884

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

THE HOUSING AUTHORITY OF THE CITY OF SHREVEPORT

SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
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**Section II: Financial Statement Findings:**

**Prior Year Findings and Questioned Costs**

**Finding 08 – 01 – Internal Control and Financial Management Systems**

Disaster Voucher Program – CFDA No. 14.DVP; Grant period – year ended September 30, 2008  
Section 8 New Construction – CFDA No. 14.182; Grant period – year ended September 30, 2008  
Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2008  
Moderate Rehabilitation – CFDA No. 14.856; Grant period – year ended September 30, 2008  
Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2008  
Capital Fund Program – CFDA No. 14.872; Grant period – year ended September 30, 2008  
Disaster Housing Assistance – CFDA No. 97.109; Grant period – year ended September 30, 2008  
Business Activities – year ended September 30, 2008

**Criteria**

The Authority must comply with all HUD regulations regarding standards for financial management systems found in 24CFR Part 85, Section 85.20. Such regulations require standards for financial management systems as follows:

1. Accounting Records
2. Internal Control
3. Budget Control
4. Allowable Cost
5. Source Documentation
6. Cash Management

In addition, per the Government Auditing Standards January 2007 Revision (GAO-07-162G), Section 5.13; "Auditors should include all significant deficiencies in the auditors' report on internal control over financial reporting and indicate those that represent material weaknesses."

**Condition and Cause**

A review of the Authority's internal control and financial management systems during the audit period revealed the following significant deficiencies that represent material weaknesses:

1. The Board of Commissioners did not receive sufficient financial information during the year.
2. The Authority had a significant back log in its accounting during the audit period. At one point there were no financial statements for the entire audit period.
3. The Authority did not monitor actual expenses as compared to the operating budget during the audit period.
4. The Authority had a number of internal control deficiencies related to cash and investments, specifically in the areas of bank reconciliations.

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SCHEDULE OF FINDINGS  
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**Section II: Financial Statement Findings - Continued:**

**Prior Year Findings and Questioned Costs**

5. The Authority's inventory of capital assets and depreciation schedule was not reconciled to the general ledger.
6. The Authority paid invoices in some cases without a formal approval process, without sufficient separation of duties and without sufficient backup and documentation.
7. The Authority's intercompany accounts were significantly and materially out of balance.
8. The Authority's bonds payable accounts were materially misstated as to the appropriate current and long term portions.
9. The Authority failed to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental Audit Guide and the Legislative Auditor's Office.

**Recommendation**

*We recommend the establishment of procedures to ensure that Authority operations, that may affect the accuracy and consistency of financial reporting, are communicated to the finance department and accounted-for properly. A review of the general ledger should be performed on a regular basis to assure Authority financial operations are accounted-for and reported in accordance with generally accepted accounting principles. We recommend the execution of established financial internal control procedures to ensure significant general ledger accounts are reconciled to accounting records such as subsidiary ledgers and bank and investment statements on a regular basis and invoices are paid properly. In addition, we recommend that accurate and reliable financial information be presented to the Board of Commissioners on a timely and regular basis.*

**Current Year Status:**

See finding 09-01

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SCHEDULE OF FINDINGS  
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**Section II: Financial Statement Findings - Continued:**

**Prior Year Findings and Questioned Costs - Continued**

Finding 08 – 02 – Questionable Payments

Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2008

Revitalization of Severely Distressed Public Housing Program – CFDA No. 14.866; Grant period – year ended September 30, 2008

Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2008

Business Activities – year ended September 30, 2008

Criteria

The Code of Federal Regulations and HUD guidelines give the requirements relating to standards for financial management systems. Specifically, 24 CFR Part 85, Section Number 85.20 gives requirements relating to financial reporting, accounting, records, internal control, budget control, allowable costs, source documentation, and cash management. A lack of internal controls and source documentation could lead to improper cash transactions and could create opportunities that fraudulent transactions could occur.

Condition and Cause

During the course of the audit two newly appointed members of the Authority's Board of Commissioners contacted the auditors and expressed concern over the appropriateness of payments made by the Authority to two organizations.

The first organization is the Resident Advisory Board, which has been a long time sub-recipient of the Authority. There is a contract in place between the Authority and the Resident Advisory Board. The Resident Advisory Board was paid in excess of the contractual agreement with the Authority.

An employee, officer and board member of the Resident Advisory Board is also a member of the Authority's Board of Commissioners. That Commissioner also lives in a four bedroom unit in the Authority's public housing. Although the Commissioner in question qualifies for public housing, it appears that he is housed in a unit that is too large for the family size and makeup. He and his wife occupy a four bedroom unit. The two Commissioners that contacted us believe that this situation is a conflict of interest for the Commissioner in question and the Authority.

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SCHEDULE OF FINDINGS  
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**Section II: Financial Statement Findings - Continued:**

**Prior Year Findings and Questioned Costs - Continued**

**Finding 08 – 02 – Questionable Payments - continued**

The second organization is a Limited Liability Company, which does not have a contract with the Authority. This organization receives payments directly from the Authority in absence of a contract. In addition, the Authority makes payments to the Resident Advisory Board which in turn passes these same payments on to the Limited Liability Company. There are no deliverables or reports that are required from the Limited Liability Company that justifies the payments made to it by the Authority and The Resident Advisory Board.

**Questioned Costs**

The Board of Commissioners asked the auditors to expand the scope of the audit and review these payments more closely for the current fiscal year and the two preceding fiscal years. The auditors did so and additionally reviewed two more fiscal years before that time period for a total of five years that were reviewed. In doing so, the auditors discovered the following questioned costs:

FYE 9-30-08	\$ 70,952
FYE 9-30-07	118,681
FYE 9-30-06	115,724
FYE 9-30-05	105,086
FYE 9-30-04	<u>138,962</u>
Total	<u>\$549,405</u>

A previous Board of Commissioners of the Authority had an investigative review of this situation performed by a CPA firm for the period May, 2000 through September, 2005. The questioned costs from that investigative report that are not duplicated above total \$317,815. This brings the total questioned costs related to this situation to \$867,720.

**Recommendation**

We recommend the establishment of procedures to ensure that the Authority complies with its procurement policy and to ensure contracts are in place for all contracted work performed for the Authority; and that procedures to monitor contract performance be adhered to. We recommend that the Board of Commissioners and management of the Authority take action to stop these payments and review the eligibility of the resident commissioner.

**Current Year Status:**

See finding 09-02

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**Section II: Financial Statement Findings - Continued:**

**Current Year Findings and Questioned Costs**

**Finding 09 – 01 – Internal Control and Financial Management Systems**

Section 8 New Construction – CFDA No. 14.182; Grant period – year ended September 30, 2009  
Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2009  
Moderate Rehabilitation – CFDA No. 14.856; Grant period – year ended September 30, 2009  
Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2009  
Capital Fund Program – CFDA No. 14.872; Grant period – year ended September 30, 2009  
Disaster Housing Assistance – CFDA No. 97.109; Grant period – year ended September 30, 2009  
Business Activities – year ended September 30, 2009

**Criteria**

The Authority must comply with all HUD regulations regarding standards for financial management systems found in 24CFR Part 85, Section 85.20. Such regulations require standards for financial management systems as follows:

1. Accounting Records
2. Internal Control
3. Budget Control
4. Allowable Cost
5. Source Documentation
6. Cash Management

In addition, per the Government Auditing Standards January 2007 Revision (GAO-07-162G), Section 5.13; "Auditors should include all significant deficiencies in the auditors' report on internal control over financial reporting and indicate those that represent material weaknesses."

**Condition and Cause**

A review of the Authority's internal control and financial management systems during the audit period revealed the following significant deficiencies that represent material weaknesses:

1. The Board of Commissioners did not receive sufficient financial information during the year.
2. The Authority had a significant back log in its accounting during the audit period. There were no financial statements for most of the audit period.
3. The Authority did not monitor actual expenses as compared to the operating budget during the audit period.
4. The Authority had a number of internal control deficiencies related to cash, specifically in the areas of bank reconciliations.

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**Section II: Financial Statement Findings - Continued:**

**Current Year Findings and Questioned Costs**

5. The Authority's inventory of capital assets and depreciation schedule was not reconciled to the general ledger.
6. The Authority paid invoices in some cases without a formal approval process, without sufficient separation of duties and without sufficient backup and documentation.
7. The Authority failed to make available financial records to the auditors in a timely manner in order to meet the six month audit filing deadline requirements of the Louisiana Governmental *Audit Guide* and the Legislative Auditor's Office.

**Recommendation**

We recommend the establishment of procedures to ensure that Authority operations, that may affect the accuracy and consistency of financial reporting, are communicated to the finance department and accounted-for properly. A review of the general ledger should be performed on a regular basis to assure Authority financial operations are accounted-for and reported in accordance with generally accepted accounting principles. We recommend the execution of established financial internal control procedures to ensure significant general ledger accounts are reconciled to accounting records such as subsidiary ledgers and bank and investment statements on a regular basis and invoices are paid properly. In addition, we recommend that accurate and reliable financial information be presented to the Board of Commissioners on a timely and regular basis.

**Reply**

It is the intent of the Authority to incorporate new procedures to strengthen the internal controls of the finance department. Richard Herrington, Executive Director, has assumed the responsibility of executing this corrective action plan and expects this situation to be resolved in the current fiscal year.

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SCHEDULE OF FINDINGS  
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**Section II: Financial Statement Findings - Continued:**

**Current Year Findings and Questioned Costs**

Finding 09 – 02 – Questionable Payments

Low Rent Public Housing – CFDA No. 14.850a; Grant period – year ended September 30, 2009  
Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2009  
Business Activities – year ended September 30, 2009

Criteria

The Code of Federal Regulations and HUD guidelines give the requirements relating to standards for financial management systems. Specifically, 24 CFR Part 85, Section Number 85.20 gives requirements relating to financial reporting, accounting, records, internal control, budget control, allowable costs, source documentation, and cash management. A lack of internal controls and source documentation could lead to improper cash transactions and could create opportunities that fraudulent transactions could occur.

Condition and Cause

During the course of the previous fiscal year's audit, two newly appointed members of the Authority's Board of Commissioners contacted the auditors and expressed concern over the appropriateness of payments made by the Authority to two organizations.

The first organization was the Resident Advisory Board, which had been a long time sub-recipient of the Authority. There was a contract in place at that time between the Authority and the Resident Advisory Board. The Resident Advisory Board was paid in excess of the contractual agreement with the Authority.

A former employee, officer and board member of the Resident Advisory Board was also a member of the Authority's Board of Commissioners. That Commissioner also lived in a four bedroom unit in the Authority's public housing. Although the Commissioner in question qualified for public housing, it appeared that he was housed in a unit that was too large for the family size and makeup. He and his wife occupied a four bedroom unit. The two Commissioners that contacted us believed that this situation was a conflict of interest for the Commissioner in question and the Authority.

The second organization was a Limited Liability Company, which did not have a contract with the Authority. This organization received payments directly from the Authority in absence of a contract. In addition, the Authority made payments to the Resident Advisory Board which in turn passed these same payments on to the Limited Liability Company. There were no deliverables or reports that were required from the Limited Liability Company that justified the payments made to it by the Authority and The Resident Advisory Board.

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**Section II: Financial Statement Findings - Continued:**

**Current Year Findings and Questioned Costs**

**Finding 09 – 02 – Questionable Payments - continued**

Since that time, the Commissioner in question was removed from the Authority's Board and evicted from the Authority's property. The Authority's Executive Director that was in place during these events was discharged from employment and payments were terminated to the two entities in question. In addition, at the conclusion of the prior year's audit, the auditors contacted the HUD OIG in Fort Worth, Texas and reported these matters.

**Questioned Costs**

The Board of Commissioners asked the auditors to expand the scope of the audit and review these payments more closely for the current fiscal year and the three preceding fiscal years. The auditors did so and additionally reviewed two more fiscal years in addition to the aforementioned time period for a total of six years that were reviewed. In doing so, the auditors discovered the following questioned costs:

FYE 9-30-09	\$ 176,599
FYE 9-30-08	70,952
FYE 9-30-07	118,681
FYE 9-30-06	115,724
FYE 9-30-05	105,086
FYE 9-30-04	<u>138,962</u>
Total	<u>\$726,004</u>

A previous Board of Commissioners of the Authority had an investigative review of this situation performed by a CPA firm for the period May, 2000 through September, 2005. The questioned costs from that investigative report that are not duplicated above total \$317,815. This brings the total questioned costs related to this situation to \$1,043,819.

**Recommendation**

We recommend the continued enforcement of procedures implemented by the Authority during the fiscal to ensure that the Authority complies with its procurement policy and to ensure contracts are in place for all contracted work performed for the Authority; and that procedures to monitor contract performance be adhered to. We recommend that the Board of Commissioners and management of the Authority continue to take action to prevent these type payments in the future.

**Reply**

Richard Herrington, Executive Director, will continue to monitor these newly implemented systems to ensure compliance with the Authority's policies and procedures.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
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SCHEDULE OF FINDINGS  
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**Section III: Federal Award Findings and Questioned Costs:**

**Prior Year Findings and Questioned Costs**

**Finding 08 – 02 – Questionable Payments**

This Finding is not restated – see Section II for further information.

**Finding 08 - 03 – Housing Choice Vouchers Tenant Files**

**Housing Choice Vouchers – CFDA 14.871; Grant period – Year ended September 30, 2008**

**Criteria**

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

**Condition & Cause:**

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

- 1) Of the 40 tenant files reviewed, 4 did not contain HUD form 50058 or 9886
- 2) Of the 40 tenant files reviewed, 3 did not document the tenants as eligible for rental assistance
- 3) Of the 40 tenant files reviewed, 17 did not contain an approved lease
- 4) Of the 40 tenant files reviewed, 3 did not contain social security cards and/or birth certificates
- 5) Of the 40 tenant files reviewed 4 units did not meet the Housing Quality Standards requirements for tenant files
- 6) Of the 40 tenant files reviewed 10 did not contain documentation of 3<sup>rd</sup> party income verifications which were used for rent calculations
- 7) Of the 40 tenant files reviewed, 15 did not contain current HAP contracts
- 8) Of the 40 tenant files reviewed, 6 did not contain documentation of rent reasonableness
- 9) Of the 40 tenant files reviewed, 6 did not contain documentation of an annual reexamination
- 10) Of the 40 tenant files reviewed, the information in the HAP register and tenant files did not agree in 8 instances
- 11) Of the 40 tenant files reviewed, 12 did not contain lead based paint warnings

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**Section III: Federal Award Findings Continued:**

**Prior Year Findings and Questioned Costs**

**Finding 08 - 03 – Housing Choice Vouchers Tenant Files - Continued**

**Questioned Costs – Not determinable**

**Recommendation:**

We recommend that the Authority utilize a standard filing system based upon a checklist and issue this to all required personnel. We recommend that supervisors and managers review on a regular monthly basis a random sample of all files to determine compliance with federal guidelines and the Authority's policy.

**Current Year Status:**

See finding 09-03

**Finding 08 – 04 – Section 8 HQS Inspection Deficiencies**

**Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2008**

**Criteria**

The Annual Contributions Contract, OMB Circular A-87, Allowable Cost Principles, and HUD Accounting guidelines were used as the authoritative literature in determining this finding. 24CFR Part 982 gives the requirements for appropriate payments from authorized receipts, and compliance with the housing assistance payments contract. The annual contributions contract also specifically requires appropriate internal controls be established to safeguard assets.

**Condition & Cause**

HQS inspections were tested for compliance in the current fiscal year. Of the 4 HQS inspections selected for review, all 4 revealed HQS deficiencies in relation to re-inspections that did not occur within 30 days of the original failed inspection. Of the 4 failed delinquent HQS inspections, 2 failed the re-inspection that would require rent abatement. The Authority continued to make HAP payments to the landlord/tenant.

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**Section III: Federal Award Findings Continued:**

**Prior Year Findings and Questioned Costs**

**Finding 08 – 04 – Section 8 HQS Inspection Deficiencies - Continued**

**Questioned Costs – Not determinable**

**Recommendation**

We recommend the Authority strengthen its internal controls in relation to the HQS inspection and re-inspection process. It is also recommended that the Authority review the units put into abatement for the year ended September 30, 2008 to ensure HAP payments were not spent on these units. We further recommend the Authority seek repayment from the landlord found to be in receipt of ineligible HAP payments.

**Current Year Status:**

See finding 09-04

**Finding 08-05 – SEMAP Certification**

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2008

**Criteria**

The Code of Federal Regulations and HUD guidelines give the requirements related to the Section Eight Management Assessment Program (SEMAP) for Public Housing Agencies. Specifically, 24CFR Part 985 gives the requirements in relation to the SEMAP certification. SEMAP is used to remotely measure the Authority's performance and administration of the Housing Choice Vouchers program. SEMAP uses HUD's national database of tenant information and information from audits conducted annually by independent auditors. HUD will annually assign each Authority a rating on each of the 14 indicators and an overall performance rating of high, standard or troubled. Metropolitan Authorities will also be able to earn bonus points for their achievements in encouraging assisted families to choose housing in low poverty areas.

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**Section III: Federal Award Findings - Continued:**

**Prior Year Findings and Questioned Costs**

**Finding 08-05 – SEMAP Certification.- Continued**

**Condition & Cause**

During the current year audit, the SEMAP Certification was tested for validity. The auditor found instances where the backup documentation did not match the data submitted to HUD on the certification.

**Questioned Costs – Not determinable**

**Recommendation:**

We recommend the Authority strengthen their internal control procedures relating to the SEMAP Certification in order to provide accurate information to HUD.

**Current Year Status:**

See finding 09-05

**Finding 08-06 – Housing Choice Vouchers Waiting List**

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2008

**Criteria**

The Code of Federal Regulations provides guidance on the Housing Choice Vouchers waiting list. Specifically, 24 CFR Part 982 provides the compliance requirements for administration of the Housing Choice Vouchers waiting list.

**Condition & Cause:**

The Authority did not have an accurate waiting list for its Housing Choice Vouchers program.

**Questioned Costs – Not determinable**

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**Section III: Federal Award Findings - Continued:**

**Prior Year Findings and Questioned Costs**

**Finding 08-06 – Housing Choice Vouchers Waiting List - Continued**

**Recommendation:**

We recommend that the Authority strengthen their control systems in relation to the Housing Choice Voucher waiting list.

**Current Year Status:**

See finding 09-06

**Finding 08 - 07 – OIG Section 8 Housing Choice Vouchers Audit**

**Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2008**

**Condition & Cause**

The Section 8 Housing Choice Vouchers Program was reviewed by the Office of Inspector General (OIG) during fiscal year 2008. The findings noted by the OIG are as follows:

- 1) The Authority's former contracted program administrator (Pendleton) made errors in 90% of the statistically selected sample of tenant files
- 2) The Authority's SEMAP scores for fiscal year 2006 were inaccurate

**Questioned Costs – \$320,000**

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**Section III: Federal Award Findings - Continued:**

**Prior Year Findings and Questioned Costs**

**Finding 08 - 07 – OIG Section 8 Housing Choice Vouchers Audit - Continued**

As a result of this examination, the OIG had several recommendations. The recommendations are as follows:

- 1) Require the Director of the Office of Public Housing, New Orleans, Louisiana, to require the Authority's Housing Choice Vouchers program to recertify, within six months, all families receiving assistance within the previous 12 months. The Authority should repay its Housing Choice Voucher program or the families for any assistance payment errors that are found.
- 2) Require the Authority to repay, from nonfederal funds, its Housing Choice Voucher program \$18,517 for overpayments and reimburse families \$1,767 for underpayments identified in the audit.
- 3) Require the Authority to implement adequate procedures and controls over the program to ensure that tenant eligibility and assistance payments are supported and determined in accordance with HUD requirements to avoid paying more than \$153,000 in excess assistance during the next 12 months.
- 4) Recommend that the Director increase oversight of the Authority by entering into a memorandum of agreement with the Authority, reduce the Authority's fiscal year 2006 SEMAP scores, and ensure that the Authority submits accurate SEMAP scores in the future.

**Recommendation:**

We recommend the Authority comply with the OIG recommendations.

**Current Year Status:**

The Authority is still in the process of complying with the OIG's recommendations.

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**Section III: Federal Award Findings - Continued:**

**Current Year Findings and Questioned Costs**

**Finding 09 – 02 – Questionable Payments**

This Finding is not restated – see Section II for further information.

**Finding 09 - 03 – Housing Choice Vouchers Tenant Files**

**Housing Choice Vouchers – CFDA 14.871; Grant period – Year ended September 30, 2009**

**Criteria**

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

**Condition & Cause:**

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

- 1) Of the 40 tenant files reviewed, 12 did not contain HUD form 50058
- 2) Of the 40 tenant files reviewed, 8 did not contain HUD form 9886
- 3) Of the 40 tenant files reviewed, 12 did not document the tenants as eligible for rental assistance
- 4) Of the 40 tenant files reviewed, 14 did not contain an approved lease
- 5) Of the 40 tenant files reviewed, 4 did not contain social security cards and/or birth certificates
- 6) Of the 40 tenant files reviewed 12 units did not meet the Housing Quality Standards requirements for tenant files
- 7) Of the 40 tenant files reviewed 9 did not contain documentation of 3<sup>rd</sup> party income verifications which were used for rent calculations
- 8) Of the 40 tenant files reviewed, 15 did not contain current HAP contracts
- 9) Of the 40 tenant files reviewed, 9 did not contain documentation of rent reasonableness
- 10) Of the 40 tenant files reviewed, 12 did not contain documentation of an annual reexamination
- 11) Of the 40 tenant files reviewed, the information in the HAP register and tenant files did not agree in 17 instances
- 12) Of the 40 tenant files reviewed, 9 did not contain lead based paint warnings

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**Section III: Federal Award Findings - Continued:**

**Current Year Findings and Questioned Costs - Continued**

**Finding 09 - 03 – Housing Choice Vouchers Tenant Files - Continued**

Questioned Costs – Not determinable

Recommendation:

We recommend that the Authority utilize a standard filing system based upon a checklist and issue this to all required personnel. We recommend that supervisors and managers review on a regular monthly basis a random sample of all files to determine compliance with federal guidelines and the Authority's policy.

Reply

The Authority will develop and implement a plan to ensure that the Housing Choice Voucher tenant files are maintained in a proper, accurate, timely and complete manner. Richard Herrington, Executive Director, expects to resolve this issue by the end of the current fiscal year.

**Finding 09 – 04 – Section 8 HQS Inspection Deficiencies**

**Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2009**

Criteria

The Annual Contributions Contract, OMB Circular A-87, Allowable Cost Principles, and HUD Accounting guidelines were used as the authoritative literature in determining this finding. 24CFR Part 982 gives the requirements for appropriate payments from authorized receipts, and compliance with the housing assistance payments contract. The annual contributions contract also specifically requires appropriate internal controls be established to safeguard assets.

Condition & Cause

HQS inspections were tested for compliance in the current fiscal year. Of the 6 HQS inspections selected for review, 4 revealed HQS deficiencies in relation to re-inspections that did not occur within 30 days of the original failed inspection. Of the 4 failed delinquent HQS inspections, 1 was not re-inspected and there should have been rent abatement. The Authority continued to make HAP payments to the landlord/tenant.

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**Section III: Federal Award Findings - Continued:**

**Current Year Findings and Questioned Costs - Continued**

**Finding 09 – 04 – Section 8 HQS Inspection Deficiencies - Continued**

**Questioned Costs – Not determinable**

**Recommendation**

We recommend the Authority strengthen its internal controls in relation to the HQS inspection and re-inspection process. It is also recommended that the Authority review the units put into abatement for the year ended September 30, 2009 to ensure HAP payments were not spent on these units. We further recommend the Authority seek repayment from the landlord found to be in receipt of ineligible HAP payments.

**Reply**

The Authority was made aware of the existing problems in the area of HQS inspections and enforcement. As a result, corrective actions will be put into place in order to correct this compliance deficiency. Richard Herrington, Executive Director, expects to resolve this issue by the end of the current fiscal year.

**Finding 09-05 – SEMAP Certification**

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2009

**Criteria**

The Code of Federal Regulations and HUD guidelines give the requirements related to the Section Eight Management Assessment Program (SEMAP) for Public Housing Agencies. Specifically, 24CFR Part 985 gives the requirements in relation to the SEMAP certification. SEMAP is used to remotely measure the Authority's performance and administration of the Housing Choice Vouchers program. SEMAP uses HUD's national database of tenant information and information from audits conducted annually by independent auditors. HUD will annually assign each Authority a rating on each of the 14 indicators and an overall performance rating of high, standard or troubled. Metropolitan Authorities will also be able to earn bonus points for their achievements in encouraging assisted families to choose housing in low poverty areas.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2009

**Section III: Federal Award Findings - Continued:**

**Current Year Findings and Questioned Costs - Continued**

Finding 09-05 – SEMAP Certification - Continued

Condition & Cause

During the current year audit, the SEMAP Certification was tested for validity. The auditor found instances where the backup documentation did not match the data submitted to HUD on the certification.

Questioned Costs – Not determinable

Recommendation:

We recommend the Authority strengthen their internal control procedures relating to the SEMAP Certification in order to provide accurate information to HUD.

Reply

The Authority was made aware of the existing problems in the area of the SEMAP Certification. As a result, corrective actions will be put into place in order to correct this compliance deficiency. Richard Herrington, Executive Director, expects to resolve this issue by the end of the current fiscal year.

Finding 09-06 – Housing Choice Vouchers Waiting List

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2009

Criteria

The Code of Federal Regulations provides guidance on the Housing Choice Vouchers waiting list. Specifically, 24 CFR Part 982 provides the compliance requirements for administration of the Housing Choice Vouchers waiting list.

Condition & Cause:

The Authority did not have an accurate waiting list for its Housing Choice Vouchers program.

Questioned Costs – Not determinable

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2009

**Section III: Federal Award Findings - Continued:**

**Current Year Findings and Questioned Costs - Continued**

**Finding 09-06 – Housing Choice Vouchers Waiting List - Continued**

**Recommendation:**

We recommend that the Authority strengthen their control systems in relation to the Housing Choice Voucher waiting list.

**Reply**

The Authority was made aware of the existing problems in the area of the Housing Choice Voucher waiting list. As a result, corrective actions will be put into place in order to correct this compliance deficiency. Richard Herrington, Executive Director, expects to resolve this issue by the end of the current fiscal year.

**Finding 09-07 – Housing Choice Vouchers – Voucher Management System (VMS)**

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2009

**Criteria**

The Code of Federal Regulations provides guidance on the Voucher Management System. Specifically, 2 CFR Parts 215.51 and 215.52 provides the compliance requirements for administration of the Housing Choice Vouchers VMS.

**Condition & Cause:**

The Authority did not retain the VMS submissions and supporting documentation for its Housing Choice Vouchers program for the fiscal year.

**Questioned Costs – Not determinable**

**Recommendation:**

We recommend that the Authority strengthen their control systems in relation to the Housing Choice Vouchers VMS.

**Reply**

The Authority was made aware of the existing problems in the area of the Housing Choice Voucher VMS. As a result, corrective actions will be put into place in order to correct this compliance deficiency. Richard Herrington, Executive Director, expects to resolve this issue by the end of the current fiscal year.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2009

**Section III: Federal Award Findings - Continued:**

**Current Year Findings and Questioned Costs - Continued**

**Finding 09-08 – Housing Choice Vouchers – Program Compliance**

Housing Choice Vouchers– CFDA No. 14.871; Grant period – year ended September 30, 2009

**Criteria**

The Code of Federal Regulations and HUD guidelines give the requirements for maintaining the tenant files for the Public Housing and Housing Choice Programs. Specifically, HUD regulations CFR Parts 960.259(c) and 982.516(a) require Authorities to obtain and document in the tenant files independent third party verification of reported family income. In addition 24CFR Part 960.253 gives the requirements for choice of rent and use of utility allowances. Also, the Authority's policy and procedure dictates full compliance with these regulations, as well as guidelines to be followed in maintaining these files.

**Condition & Cause:**

During the fiscal year, an anonymous telephone call was received notifying the Authority that the Housing Choice Voucher program director was leasing property to and receiving HAP payments from the Authority's Voucher program for a property which the program director owned. The director had fraudulently listed a different individual as owner of the property in the Authority's records. This was done in an effort to improperly receive HAP payments and deceive the Shreveport Housing Authority. The tenant on whose behalf these payments were being made was the program director's son.

An investigation regarding this matter was conducted by Shreveport Housing Authority. It was determined that the address listed on the tenant's HAP contract was the same address used by the program director as her primary place of residence. The Housing Authority concluded there had been a misuse of federal funds committed by the program director.

**Questioned Costs – \$4,320**

**Recommendation:**

We recommend that the Authority strengthen their control systems in relation to the administration of the Housing Choice Vouchers program.

HOUSING AUTHORITY OF THE CITY OF SHREVEPORT  
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2009

**Section III: Federal Award Findings - Continued:**

**Current Year Findings and Questioned Costs - Continued**

**Finding 09-08 – Housing Choice Vouchers – Program Compliance**

**Reply**

The Authority became aware of this misuse of funds in the Housing Choice Voucher program. As a result, corrective action was taken and further corrective measures will be put into place in order to prevent this type compliance deficiency in the future. Richard Herrington, Executive Director, expects to complete enhancement of the management systems in this area by the end of the current fiscal year.