

**Housing Authority of the
CITY OF ALEXANDRIA**
Alexandria, Louisiana

**Annual Financial Report
As of and for the Year Ended June 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 5/19/10

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 Alexandria, Louisiana
 Basic Financial Statements
 As of and for the Year Ended June 30, 2009
 With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic financial statements of the Housing Authority of the City of Alexandria (the authority) as of and for the year ended June 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Alexandria as of June 30, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana
Independent Auditor's Report, 2009
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated February 4, 2010 on my consideration of the authority's internal control over financial reporting and on my 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 my 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 my audit.

The management's discussion and analysis listed in the table of contents, is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the authority's basic financial statements. The financial data schedule and other supplementary information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 of the authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 4, 2010

Housing Authority of the City of Alexandria
Alexandria, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2009

As management of the Housing Authority, we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2009. All amounts, unless otherwise indicated, are rounded to the nearest dollar.

FINANCIAL HIGHLIGHTS

- The assets of the Housing Authority exceeded its liabilities at the close of the most recent financial by \$14,836,097 (net assets). Of this amount, \$790,119 (unrestricted net assets) that may be used to meet the government's ongoing obligations to citizens and creditors, \$1,431,518 (restricted) for Housing Assistance Payments.
- Net assets for general fund and capital fund decreased \$153,752 (1%) mainly due to COCC deficit, Section 8 programs decreased \$253,809 (13%) mainly due to increase of HAP leaseups

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components. 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic statements themselves. The Housing Authority is a special purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Housing Authority are reported as one fund.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consist of financial statements to show information about the Housing Authority's most significant funds-such as the Housing Authority's general fund, and tenant-based Section 8 funds.

Our auditors have provided assurance in their independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditors, regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to determine the level of assurance provided for each of the parts of this report.

Housing Authority of City of Alexandria

Management's Discussion and Analysis (MD&A)
June 30, 2009

Reporting the Housing Authority's Most Significant Funds

Proprietary funds- All of the Housing Authority's services are reported in one fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$14,836,097 at June 30, 2009. Of this amount, \$12,614,460 was invested in capital assets, \$790,119 was unrestricted and \$1,431,518 restricted for Housing Assistance Payments.

The Balance Sheet is presented in the format of assets, liabilities and net assets. The focus of the Balance Sheet shows the net available (not capital) assets, net of liabilities for the entire Housing Authority. Net Assets are broken down between:

- Investments in Capital Assets – Capital Assets-(land, construction or improvements) reduced by any outstanding debt.
- Restricted Net Assets – Assets restricted by a creditor, laws or regulations
- Unrestricted Assets: Net Assets which do not meet the other definitions.

The Statement of Revenue, Expenses and Changes in Net Assets represents Operating Revenues, (tenant revenues), Operating Expenses (administrative, utilities, maintenance and depreciation) and Non-Operating Revenues and Expenses, (grant revenues, investment income and interest expense). The Change in Net Assets represents the Housing Authority's profit or loss.

Net Assets

Year Ended June 30, 2009
(in thousands)

	2009 Current Year	2008 Prior Year	Variance
ASSETS			
Current Assets	\$ 2,577,819	\$ 2,908,234	-330,415
Capital assets, net	<u>12,614,460</u>	<u>12,717,589</u>	<u>-103,129</u>
Total Assets	<u>15,192,279</u>	<u>15,625,823</u>	<u>-433,544</u>
LIABILITIES			
Current Liabilities	219,078	212,652	6,426
Non-current liabilities	<u>137,104</u>	<u>98,751</u>	<u>38,353</u>
Total Liabilities	356,182	311,403	44,779
NET ASSETS			
Invested in capital assets, net of related debt	12,614,460	12,717,589	-103,129
Restricted	1,431,518	1,893,750	-462,232
Unrestricted	<u>790,119</u>	<u>703,081</u>	<u>87,038</u>
Total Net Assets	<u>14,836,097</u>	<u>15,314,420</u>	<u>-478,323</u>
Total Liabilities and Total Net Assets	<u>15,192,279</u>	<u>15,625,823</u>	<u>-433,544</u>

Housing Authority of City of Alexandria

Management's Discussion and Analysis (MD&A)
June 30, 2009

**Statement of Revenues, Expenses
And Changes in Net Assets**
Year Ended June 30, 2009
(in thousands)

	Current Year	Prior Year	Variance
<u>OPERATING REVENUES</u>	\$	\$	
Annual Contribution- Housing Assistance Payments	3,685,244	3,343,779	341,465
HUD administrative fee	520,281	673,478	-153,197
Operating Grants	2,252,516	2,121,032	131,484
Dwelling Rental	530,610	515,563	15,047
Other Income	<u>23,890</u>	<u>519,317</u>	<u>-200,630</u>
Total Operating Revenue	7,012,541	7,173,169	-160,628
<u>OPERATING EXPENSES</u>			
Administration	1,875,516	1,715,261	160,255
Tenant Services	439,240	947,406	-529,958
Utilities	125,290	129,030	-3,740
Ordinary maintenance & operations	865,382	861,915	3,467
Protective Services	324,524	303,985	20,539
General	361,247	326,346	34,901
Housing Assistance Payments	3,729,328	3,512,737	216,591
Depreciation	<u>879,353</u>	<u>1,194,959</u>	<u>-315,606</u>
Total operating expenses	8,599,880	8,991,639	-391,759
Income (loss) from Operations	<u>-1,587,339</u>	<u>-1,818,470</u>	<u>231,131</u>
<u>NON OPERATING REVENUES</u>			
Interest earnings	16,205	56,686	-40,481
Misc Revenues	294,797	203,349	91,448
Gain or loss on the sale of capital assets	0	-6,163,237	6,163,237
Federal grants- capital	<u>776,222</u>	<u>660,167</u>	<u>116,055</u>
Total Non-operating revenues	1,087,224	-5,243,035	6,330,259
Net Change in assets	-500,115	-7,061,505	6,583,182
Net Assets at beginning of year- as restated	15,336,212	22,375,925	-7,061,505
Net Assets at end of year	<u><u>14,836,097</u></u>	<u><u>15,314,420</u></u>	<u><u>-478,323</u></u>

Housing Authority of City of Alexandria

Management's Discussion and Analysis (MD&A)

June 30, 2009

Total cash revenues increased \$134,169 mainly due to:

- Slight increase in Rental Income \$15,047 (2.9%) due to slight increase in working families
- Increase in HUD Operating Grants \$131,484 due to increase in HUD formula.
- Decrease in Section 8 administrative fees \$153,197 (22.7%) due HUD decrease in funding.
- Increase Capital funding \$116,055, (17.6%) due to close out and additional work.
- Increase in HUD Housing Assistance Payment funding \$341,465 (10.2%) due to HUD formula increases.

Total operating Expenses decreased \$ 391,759 mainly due to:

- Increase in Administrative expenses \$160,255 (9.3%) due to increase in employee benefits and salaries from civil service increases.
- Decrease in Tenant Services \$529,958 (55.9%) due to PHA decrease in services.
- Increase in Protective Services \$20,539 (6.8%) due decrease in service hours.
- Increase in General Expenses \$34,901 (10.7%) due to slight increase in insurance
- Increase in Housing Assistance Payments \$216,591 (6.2%) due to increase in units leased

Net Assets therefore decreased \$478,323 or by (3.1%), mainly due maintaining COCC and setup costs for redevelopment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009 the Housing Authority had \$12,614,460 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$103,129 or .80% from last year

Capital Assets
Year Ended June 30, 2009
(Net of Depreciation)

	Current Yr 2009
Land	\$ 2,098,343
Buildings	10,217,369
Furniture and equipment	298,748
Construction in Progress	0
Total	<u>12,614,460</u>

Capital Expenditures of \$776,222 were added from the Capital Fund program. This was offset with depreciation of \$879,353.

Major capital projects planned for June 30, 2010 include capital funding of at least \$1,381,608 of budgeted projects. Redevelopment grant \$7,916,000 and AARA Stimulus grant of \$1,745,117.

No debt was issued for these additions.

Housing Authority of City of Alexandria

Management's Discussion and Analysis (MD&A) June 30, 2009

Debt

The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

ECONOMIC FACTORS

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The budgets for June 30, 2010 have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable although funding has decreased over the years. Capital funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

The Section 8 program is mainly affected by the federal budgets as well as by the rental market of the community, which it serves. This can affect the number of families leased to as well as the Housing Assistance Payments paid by the Housing Authority.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have any questions about this report or wish to request additional financial information, contact Ms. Wanda Davis., Executive Director, at the Housing Authority of the City of Alexandria, 2558 Loblolly Lane, Alexandria LA 71303 Telephone number (318)-448-4521.

Housing Authority of the City of Alexandria
Alexandria, Louisiana
Statement of Net Assets
As of June 30, 2009

ASSETS**Current assets**

Cash and cash equivalents	264,013
Receivables:	
HUD	306,056
Intergovernmental	170,146
Tenant rents, net of allowance	3,695
Accrued interest receivable	653
Miscellaneous, net of allowance	100,221
Prepaid insurance	316,380
Inventory, net of allowance	44,366
Restricted assets - cash and cash equivalents	<u>1,372,289</u>

Total current assets2,577,819**Noncurrent assets**

Capital assets:

Nondepreciable capital assets:

Land	<u>2,098,343</u>
Total nondepreciable capital assets	<u>2,098,343</u>

Depreciable capital assets:

Buildings and improvements	28,843,492
Furniture and equipment	1,367,878
Less accumulated depreciation	<u>(19,695,253)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>10,516,117</u>

Total capital assets, net of accumulated depreciation

12,614,460**Total assets**15,192,279

(continued)

Housing Authority of the City of Alexandria
Alexandria, Louisiana
Statement of Net Assets
As of June 30, 2009

LIABILITIES**Current Liabilities**

Accounts payable	12,660
Payable to other governments	34,315
Accrued wages payable	1,195
Accrued compensated absences	53,473
HUD liability	1,909
Deferred revenue	70,516
Notes payable	
Security deposit liability	<u>45,010</u>

Total current liabilities 219,078

Noncurrent liabilities

Accrued compensated absences	<u>137,104</u>
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Total noncurrent liabilities 137,104

Total liabilities 356,182

NET ASSETS

Invested in capital assets, net of related debt	12,614,460
Restricted	1,431,518
Unrestricted	<u>790,119</u>

Total net assets \$ 14,836,097

The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Alexandria
 Alexandria, Louisiana
Statement of Revenues, Expenses, and Changes In Net Assets
 For the Year Ended June 30, 2009

Operating Revenues	
HUD Operating Grants	\$ 6,458,041
Dwelling Rental	497,543
Other Operating	<u>56,957</u>
Total operating revenues	<u>7,012,541</u>
Operating Expenses	
Housing Assistance Payments	3,729,328
General and administrative	2,236,763
Repairs and maintenance	859,525
Utilities	125,290
Tenant services	439,240
Protection services	324,524
Depreciation and amortization	<u>879,353</u>
Total operating expenses	<u>8,594,023</u>
Operating income (loss)	(1,581,482)
Nonoperating Revenues (Expenses):	
Interest revenue	16,205
Miscellaneous revenues	294,797
Miscellaneous (expenses)	<u>(5,857)</u>
Total nonoperating revenues (expenses)	<u>305,145</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(1,276,337)
Capital contributions (grants)	776,222
Increase (decrease) in net assets	(500,115)
Net assets, beginning of year - as restated	<u>15,336,212</u>
Net assets, end of year	<u>\$ 14,836,097</u>

The accompanying notes are an integral part of these financial statements.

**Housing Authority of the City of Alexandria
Statement of Cash Flows
For the Year Ended June 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 6,424,597
Receipts from tenants	470,412
Payments to landlords	(3,729,328)
Payments to suppliers	(2,211,642)
Payments to employees	<u>(1,769,367)</u>
Net cash provided by operating activities	<u>(815,328)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	294,797
Miscellaneous (expenses)	<u>(5,857)</u>
Net cash provided by noncapital financing activities	<u>288,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grants	776,222
Purchase and construction of capital assets	<u>(776,222)</u>
Net cash (used in) capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>16,205</u>
Net cash provided by investing activities	<u>16,205</u>
Net increase (decrease) in cash and cash equivalents	<u>(510,183)</u>
Cash and cash equivalents - beginning of year	<u>2,146,485</u>
Cash and Cash equivalents - unrestricted	264,013
Cash and Cash equivalents - restricted	1,372,289
Total Cash and Cash Equivalents - end of year	<u>\$ 1,636,302</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (1,581,482)
<i>Adjustments to reconcile operating (loss) to net cash provided by operating activities:</i>	
Depreciation and amortization	879,353
Changes in assets and liabilities	
HUD receivable	(11,653)
Intergovernmental receivable, net	(21,791)
Tenant rents, net of allowance	17,945
Miscellaneous receivables	(100,221)
Prepaid insurance	(62,219)
Inventories	(1,176)
Accrued interest receivable	(653)
Accounts payable	(7,194)
Accrued wages payable	1,195
PILOT Payable	(5,131)
Accrued compensated absences	37,513
HUD liability	(28,243)
Other liability	70,241
Security deposit liability	<u>(1,812)</u>
Net cash provided by operating activities	<u>\$ (815,328)</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana
Notes to the Basic Financial Statements
June 30, 2009

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

(1) Reporting Entity

The Housing Authority of The City of Alexandria (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the City of Alexandria, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB 14, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Notes to the Financial Statements, 2009 – Continued

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

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

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

The Alexandria Affordable Housing Corporation (AAHC) is a legally separate entity. The agency is financially accountable for AAHC. This entity was established to facilitate demolition of authority rental units and redevelopment of rental units. The AAHC is providing services which benefit the authority because these services would be provided by the authority in the absence of the separate entity. The AAHC is included through blended presentation.

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

(2) Funds

The accounts of the authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Notes to the Financial Statements, 2009 – Continued

finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD operating grants and subsidies, Section 8 Housing Assistance Subsidies, Section 8 Management Fees and tenant dwelling rents. Operating expenses include Section 8 Housing Assistance Payments, General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, *Basic Financial Statements and Managements discussion and Analysis—for State and Local Governments*, which was unanimously approved in June 1999 by the GASB.

(3) Measurement focus and basis of accounting

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

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Notes to the Financial Statements, 2009 – Continued

(4) New Accounting Standards Adopted

The authority adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

(5) Assets, liabilities, and net assets

(a) Deposits and Investments

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

(b) Inventory and prepaid items

All inventories are valued at cost on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(c) Restricted Assets

Cash equal to the amount of tenant security deposits and housing assistance payment reserves are reflected as restricted.

(d) Capital assets

Capital assets of the authority are included in the statement of net assets and are recorded at actual cost. The capitalization threshold is \$500. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Notes to the Financial Statements, 2009 – Continued

Buildings	40 years
Modernization and improvements	15 years
Furniture and equipment	3-7 years

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for HUD grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At June 30, 2009, the management of the authority established an allowance for doubtful accounts of approximately \$891.

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," vacation and sick pay is accrued when incurred and reported as a liability. Employees earn from 96 to 192 hours and from 96 to 192 hours per year in annual leave and sick leave, respectively. Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave.

(h) Restricted net assets

Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Notes to the Financial Statements, 2009 – Continued

(i) Use of estimates

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

NOTE B – DEPOSITS

Deposits are stated at cost, which approximates fair value. Under state law and/or federal regulation, these deposits, or the resulting bank balances, must be in Federal Securities, secured by federal deposit insurance or the pledge of federal securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of June 30, 2009, the authority's carrying amount of deposits was \$1,636,302, which includes the following:

Cash and cash equivalents-unrestricted	\$264,013
Cash and cash equivalents- restricted	1,370,789
Total	\$1,636,302

Interest Rate Risk—The authority's policy does not address interest rate risk.

Credit Rate Risk—Since all of the authority's deposits are federally insured and/or backed by federal securities, the authority does not have credit rate risk.

Custodial Credit Risk—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$391,525 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$1,386,449 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances at June 30, 2009 totaled \$1,777,974.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
 Alexandria, Louisiana
 Notes to the Financial Statements, 2009 – Continued

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 was as follows:

	<u>30-Jun-08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>30-Jun-09</u>
Nondepreciable Assets:					
Land	2,098,343				2,098,343
Construction in Progress	816,471	-	-	(816,471)	-
Depreciable Assets:					
Building and improvements	27,334,655	692,366	-	816,471	28,843,492
Furniture and equipment	<u>1,284,018</u>	<u>83,859</u>	<u>-</u>	<u>-</u>	<u>1,367,877</u>
Total	<u>31,533,487</u>	<u>776,225</u>	<u>-</u>	<u>-</u>	<u>32,309,712</u>
Less accumulated depreciation					
Building and improvements	18,722,090	745,526	-	-	19,467,616
Furniture and equipment	<u>93,808</u>	<u>133,827</u>	<u>-</u>	<u>-</u>	<u>227,635</u>
Total accumulated depreciation	<u>18,815,898</u>	<u>879,353</u>	<u>-</u>	<u>-</u>	<u>19,695,252</u>
Net Capital Assets	<u>12,717,589</u>	<u>(103,128)</u>	<u>-</u>	<u>-</u>	<u>12,614,460</u>

NOTE D – CONSTRUCTION COMMITMENTS

The authority has active construction projects as of June 30, 2009. At year end, the commitments with contractors are as follows:

<u>Projects</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
CFP 2006	\$668,985	\$53,949
CFP 2007	97,432	672,796
CFP 2008	244,047	985,016
CFP ARRA 2009	<u>0</u>	<u>1,645,117</u>
Total	<u>\$1,010,464</u>	<u>\$1,711,761</u>

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Notes to the Financial Statements, 2009 – Continued

NOTE E – COMPENSATED ABSENCES

At June 30, 2009, employees of the authority have accumulated and vested \$190,578 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$137,104 is reported in long-term debt.

NOTE F - RETIREMENT PLAN

The authority provides pension benefits for all eligible employees through a Profit Sharing Plan. This footnote describes a pension plan that has a year end reporting period of December 31. The authority's FYE is June 30. The different year end's cause the footnote disclosure to appear at times to be confusing. Eligible employees may participate in the plan after twelve months of continued employment. Employees are not required to make contributions to the plan. The authority's contribution is discretionary and determined on a calendar year basis by the Board of Commissioners. The Board of Commissioners awarded each eligible employee a contribution of 2% of their base salary for the calendar year ended 12-31-2008. The board of commissioners has not yet determined the amount of the authority contribution, if any, for calendar year 2009. The employees vesting percentage is determined by the number of year of service with the authority. Valuation of the plan assets are measured annually on the last day of the Plan Year, which is December 31 of each calendar year. Asset valuation includes contributions and interest earned and gains and losses on investments of the plan. Benefits are neither insured by the Pension Benefit Guaranty Corporation nor are they guaranteed by the Alexandria Housing Authority.

NOTE G – RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

The authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Notes to the Financial Statements, 2009 – Continued

This includes coverage of property, general liability, public liability, and workers compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the authority's deductions are met.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE H – LITIGATION AND CLAIMS

At June 30, 2009, the authority is involved in litigation both as plaintiff and as defendant.

At the time the audit report is dated attorneys engaged by the authority indicate that no contingencies should be recorded on the financial statements due to the litigation. Accordingly, the authorities financial statements do not include any recordation for contingencies due to the litigation in progress.

NOTE I – FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE J – ECONOMIC DEPENDENCE

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$7,013,146 to the authority, which represents approximately 86% of the authority's total revenue for the year.

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

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

I have audited the financial statements of the Housing Authority of the City of Alexandria (the authority), as of and for the year ended June 30, 2009 and have issued my report thereon dated February 4, 2010. I conducted my 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 my audit, I considered the authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the authority's internal control over financial reporting.

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.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Report on Internal Control... *Government*

Auditing Standards, 2009

Page Two

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.

My consideration of 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 internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted a certain matter that I reported to management of the authority in a separate letter dated February 4, 2010.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the *Louisiana Legislative Auditor* and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is *distributed by the Legislative Auditor as a public document*.

William Daniel McCaskill

William Daniel McCaskill, CPA
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February 4, 2010

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

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

Compliance

I have audited the compliance of the Housing Authority of the City of Alexandria (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 June 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. My responsibility is to express an opinion on the authority's compliance based on my audit.

I conducted my 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 I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the authority's compliance with those requirements.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Report on Compliance...A-133, 2009

Page Two

As described in items F-2009-1 and F-2009-2 in the accompanying schedule of findings and questioned costs, the authority did not comply with requirements regarding cash management and ineligible use of program funds that are applicable to its Public and Indian Housing program and Housing Choice Voucher program. Compliance with such requirements is necessary, in my opinion, for the authority to comply with the requirements applicable to that program.

In my 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 June 30, 2009. The results of my auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item F-2009-1.

Internal Control Over Compliance

The management of the authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I 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 my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

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

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Report on Compliance...A-133, 2009

Page Three

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item F-2009-1 and F-2009-2 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, I consider items F-2009-1 and F-2009-2 to be material weaknesses.

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

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 4, 2010

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

Schedule of Current Audit Findings and Questioned Costs
Fiscal Year Ended June 30, 2009

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the authority.
2. There were no significant deficiencies required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States of America.
3. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statements.
4. There were two significant deficiencies required to be disclosed by OMB A-133. The two deficiencies are considered to be material weaknesses.
5. The auditor's report on compliance for the major federal award programs for the authority expresses a qualified opinion on all major federal programs.
6. The audit disclosed audit findings which the auditor is required to report under OMB A-133, Section 510(a).
7. The programs tested as major programs included:
 1. 14.850 Public and Indian Housing – Low Rent Program
 2. 14.871 Housing Choice Vouchers

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2009

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The authority did not qualify as a low-risk auditee.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended June 30, 2009

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT**FINDING 2009-1**

Program: Awarding Agency and Year – HUD CY 2009

CFDA Title # 14.850a, 14.871, 14.DVP, 14.VSH

Programs Affected Public Housing, Housing Choice Vouchers, Disaster Voucher Program, Veterans Affairs Supportive Housing

Condition: As of FYE 6-30-2009, the following inter program loans from 1 program to other programs existed as follows:

Program	Amount Due To
Public Housing	\$327,673
Business Activities	\$273,715
Housing Choice Vouchers	\$3,173
Disaster Voucher Program	\$414,871
VSH	\$14,966
Central Office Cost Center	\$170,146
Total Due To	\$1,204,544

Program	Amount Due From
Public Housing	\$205,588
84:287 21 st Century	\$141,893
93:558 TANF	\$28,253
Central Office Cost Center	\$828,810
Total Due To	\$1,204,544

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended June 30, 2009

As reported above, the COCC, which is not a Federal Program, reports a net inter fund payable in the amount of \$658,664 and net Unrestricted Net Assets as a deficit of \$579,712.

Criteria: Federal regulations prohibit Federal programs loaning monies to other Federal programs as promulgated in HUD Handbook 7475.1 REV, CHG-1, Financial Management Handbook, which identifies loans as an ineligible use of program funds. The Annual Contributions Contract (ACC) between HUD and AHA prohibit AHA from placing AHA assets at risk without prior written approval of HUD. Based on this, in my opinion any loan of AHA Federal funds is in violation of HUD regulations under the ACC.

Questioned Costs: NONE

Perspective Information: At FYE, AHA reported \$1,636,302 cash and investments on hand.

At FYE, AHA reported \$1,636,302 cash and investments on hand. Of this amount, \$264,013 is reported as unrestricted cash and \$1,372,289 is reported as restricted cash. AHA reported \$1,204,544 of inter program loans.

Recommendation: AUDITOR RECOMMENDATIONS:

This is a repeat finding.

When the prior audit was published, AHA management asserted that the HCV program would repay the inter fund amount due to the Public Housing program based on a scheduled repayment plan. AHA management has followed through with the scheduled repayment plan and I commend AHA management for that. It is noted that this interprogram will be paid off in June 2010, in agreement with the prior year corrective action plan.

During the current fiscal year some programs encountered negative cash flow. AHA management caused programs with available cash to loan monies to programs in need of cash.

I recommend that AHA require each program to produce an annual positive net surplus. I suggest AHA do the following for each program as well as for the COCC:

- 1) Adopting annual PROGRAM budgets that project a net operating surplus.
- 2) Continue monitoring budget versus actual reports during the year.
- 3) Making revenue and expenditure modifications during the year in order to produce the desired net surplus.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended June 30, 2009

- 4) *Assign specific AHA management responsibility for complying with budget requirements. For example, assign the Public Housing Director and the Section 8 Director responsibility for ensuring AHA year end results produce a net surplus for their respective program. Require each Program Director to provide a quarterly budget versus actual report to the Board of Commissioners. Include financial results of their department during the annual employee evaluation process and make this issue a significant portion of pay increases for each Department Head.*

I CANNOT STRESS ENOUGH MY OPINION THAT AHA SHOULD EXERCISE CONTROL OVER THE BUDGET VERSUS ACTUAL PROCESS FOR EACH PROGRAM.

Also I recommend AHA comply with Federal regulation and not cause any 1 program to loan monies to another program. If AHA must cause such borrowing I suggest AHA adopt and comply with a strict policy of reimbursement of any loans within 7 days of the initial loan in order to cause the loans to be strictly temporary in nature.

PHA RESPONSE – SEE CORRECTIVE ACTION PLAN

FINDING 2009-2

FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency and Year – HUD CY 2009

CFDA Title # 14.850a, 14.871

Program Name Public Housing, Housing Choice Vouchers, Central Office Cost Center (non Federal)

CRITERIA:

Each program administered by AHA should be self sustaining.

The HCV program regulations promulgated by HUD require that the HCV program maintain adequate cash balances to fully fund both the HAP Equity and the Administrative Fee Equity components of total equity.

The Public Housing Program should maintain adequate restricted cash on hand in order to secure the amount of Tenant Security Deposits.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended June 30, 2009**CONDITION:**

As of FYE, the following AHA administered programs reported program to date Unrestricted Net deficits as follows:

The Central Office Cost Center (COCC) This is a non-federal program	(\$579,712)
The Housing Choice Voucher Program (HCV)	(\$122,670)
Public Housing Asset Management Program (AMP) site Number LA 023000004	(\$7,584)
Subtotal	(\$709,966)

During the prior fiscal year the COCC reported an annual deficit in the amount of \$367,463. During the current fiscal year the COCC reported an annual deficit in the amount of \$192,249. The 50% annual deficit reduction was the result of determined efforts by AHA management to reduce the annual deficit.

The HCV program reported Restricted Equity in the amount of \$1,431,518. The amount of program cash reported was \$1,370,789. Therefore, the prior year finding that the HCV program did not maintain enough cash on hand to secure the HAP Equity is repeated.

The Public Housing program reported unrestricted cash on hand in the amount of \$20,682 and did not report any TSD restricted cash on hand. The amount of Tenant Security Deposits due to tenants was reported in the amount of \$43,510.

QUESTIONED COSTS – NONE**MATERIAL NON COMPLIANCE – YES****PERSPECTIVE**

The AHA reported total Unrestricted Net Assets in the amount of \$790,119. This amount is net of the debit balances reported in the CONDITION section above.

AUDITOR RECOMMENDATIONS:

I recommend that AHA strictly adhere to annual budgets as adopted for each program and make any mid year spending or revenue modifications necessary to achieve the Board approved budget goals.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended June 30, 2009

I did not include Going Concern comments and/or audit AJE's to reflect the possible inability of programs such as the COCC to repay inter fund transactions. My 30+ years of PHA auditing experience causes me to be of the opinion that HUD will work with AHA and, over a number of years, HUD will provide funding allowing AHA to pay off the inter programs. I also note that the inter fund account balances are eliminated in the preparation of the upper level financial statements.

However, I am of the opinion that HUD must immediately work with AHA in order to improve the AHA unrestricted cash position. For instance, for the Public Housing Program to report only \$20,862 of cash on hand is alarming. As well, Entity Wide Unrestricted Cash has decreased from \$476,000 on 6-30-2008 to \$264,000 on 6-30-2009.

If HUD and AHA do not immediately develop and successfully implement a comprehensive plan to replenish cash and equity AHA could well face a Going Concern problem in the near future. This could not only have an immediate negative affect on tenant services provided but could also have long term negative affects on issues such as New Development and energy savings contracts.

AHA is in the 2nd year of Asset Management (AM) compliance. HUD will have to work with AHA and provide guidance to AHA concerning AM compliance. As I understand it, the COCC net deficit in the amount of (\$579,712) is a problem requiring immediate attention by both AHA and HUD.

One AM Public Housing site reports a net deficit of (\$7,584.) While this amount appears to not be material I suggest both AHA and HUD consider this recordation and determine how AHA should deal with it as well as considering future deficits by other AM sites.

The AHA ED recently talked with the HUD Director of Public and Indian Housing in the New Orleans field office. They agreed that, since HUD is offering special AM training at 5 locations in Louisiana, sometimes during April 2010-September 2010, AHA will send every AHA staff member that deals with AHA AM to this training. The ED is in the process of scheduling which staff will attend which training locations. Since the training dates differ by location AHA will be able to maintain staff work at AHA while at the same time providing needed training to all staff members on a timely basis.

Please see my comments in the "Auditors Recommendation" area of Finding 2009-1 above.

PHA RESPONSE – SEE CORECTIVE ACTION PLAN

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2009

STATUS OF PRIOR YEAR FINDINGS:

Finding 2008-1

The finding reported AHA did not have adequate pledged Federal Securities in order to satisfy HUD requirements.

This finding is not repeated.

Finding 2008-2

This finding reported that:

- a) AHA loaned monies from one Federal program to another Federal program, in violation of Federal regulation.

This condition is repeated in finding 2009-1.

- b) The HCV program did not maintain sufficient cash to secure equity reported in the HCV program.

This condition is repeated in finding 2009-2

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Corrective Action Plan for Current Year Findings
For Fiscal Year Ended June 30, 2009

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2009-1

CORRECTIVE ACTION PLAN

FINDING # 2009-1 and 2009-2

The agency is responding to both findings with the same corrective action plan because we feel that the two (2) findings are inseparable regarding corrective action.

Person Responsible—Wanda H. Davis, Executive Director

Anticipated Completion Date—6-30-2013

Action Planned—

The two (2) findings we are addressing identify that AHA caused Federal programs to loan monies to other AHA programs. Even with the inter program loans, three (3) programs did not maintain sufficient cash on hand to be self sustaining.

The AHA is caught in a cash squeeze and we see the solution, if HUD regulations are not modified, to be a long-term solution.

In recent years HUD has enacted Asset Management (AM) and has modified funding for the Housing Choice Vouchers (HCV), both causing severe economic distress to AHA. Were we to satisfy HUD requirements of AM and HCV relating to annual net surplus/deficit we would have had to terminate 25% of our work force all at once. This would have caused immediate and drastic reductions to tenant services. Additionally, AHA must comply with Louisiana Civil Service regulations. An immediate 25% reduction of personnel would be impractical and very costly considering civil service regulations.

Accordingly, I plan to present a corrective action plan to the Board along with revised annual operating budgets for each program/AMP with the dual goals of:

Causing the annual actual operating results for each program/AMP for year end 6-30-2011 to be an annual surplus (not a deficit).

Over the next 3 fiscal years, eliminate cumulative equity deficits allowing each program/AMP to be self sustaining.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Alexandria, Louisiana

Corrective Action Plan for Current Year Findings (Continued)

For Fiscal Year Ended June 30, 2009

My plan will include the following provisions:

Appoint a 3 member budget committee to work on decisions affecting operating budgets for each program. I will suggest that the ED be 1 of the 3 members with designated Department Supervisors consisting of 2.

The revised AHA Operating Budget for FYE 6-30-2011 will include that each program/AMP managed by AHA project a net annual surplus.

The committee will provide the full Board with quarterly updates including a year-to-date actual versus budget analysis for each program/AMP managed by AHA.

If any individual program/AMP actual quarterly operating results project an annual deficit, the committee will decide on mid-year corrective action needed to change the projected deficit into a projected surplus.

The full Board will then vote on whether or not to enact the recommended corrective action.

The committee will provide similar quarterly analysis of projected ending fiscal year equity including mid-year recommendations to enable each program/AMP to achieve positive equity by 6-30-2013.

Schedule 4

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended June 30, 2009

Members of the Board of Commissioners serve without compensation

SCHEDULE 5

The Housing Authority of the City of Alexandria
 Alexandria, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2009

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing*	14.850a	\$ 1,534,607
Housing Choice Voucher Program*	14.871	4,205,525
Public Housing Capital Fund Program	14.872	1,273,014
U. S. Department of Health and Human Services Passed through the Louisiana Department of Education		
Temporary Assistance for Needy Families	93.558	76,311
U. S. Department of Education Passed through the Louisiana Department of Education		
21st Century Community Learning Center	84.287c	144,806
Total Federal Expenditures		\$ 7,234,263

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

NOTE A – General

The accompanying Schedule of Expenditures of Federal Awards presents all of the Federal awards programs of the Authority. The authority reporting entity is defined in Note 1 to the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included in this schedule.

NOTE B – Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards Programs is presented using the accrual basis of accounting, which is described in Note 1 to the authority's basic financial statements.

NOTE C – Relationship to Basic Financial Statements

Federal awards revenues are reported in the authority's basic financial statements as follows:

Low Rent Public Housing	1,534,607
Housing Choice Voucher Program	4,205,525
Public Housing Capital Fund Program	1,273,014
Temporary Assistance for Needy Families	76,311
21st Century Community Learning Center	144,806

NOTE D – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with GAAP.

NOTE E- FEDERAL AWARDS

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 9814, "federal awards" do not include the authority's operating income from rents or investments (or other Non-federal sources). In addition, the entire amount of operating subsidy received and/or accrued during the fiscal year is considered to be expended during the fiscal year.

Housing Authority of the City of Alexandria
Financial Data Schedule

Entity Wide Balance Sheet Summary

L4023 08/30/2009 Audited/A-133

	Project Total	1	14 871	84 287	14 DVP	93.556	14.VSH	COC	Subtotal	ELIM	Total
111 Cash - Unrestricted	20882	59885					176532	9954	264013		264013
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted			1370789						1370789		1370789
114 Cash - Tenant Security Deposits		1500							1500		1500
115 Cash - Restricted for Payment of Current Liabilities			1370789								
100 Total Cash	20882	58165	1370789	0	0	0	176532	9954	1636302	0	1636302
121 Accounts Receivable - PMA Projects											
122 Accounts Receivable - HUD Other Projects	306056								306056		306056
124 Accounts Receivable - Other Government			141893			28253			170146		170146
125 Accounts Receivable - Manufacturers		99500						721	100221		100221
129 Accounts Receivable - Tenants	4586								4586		4586
126.1 Allowance for Doubtful Accounts - Tenants	-891								-891		-891
126.2 Allowance for Doubtful Accounts - Other	0	0				0		0	0		0
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery											
128.1 Allowance for Doubtful Accounts - Fraud											
129 Accrued Interest Receivable	653								653		653
130 Total Receivable, Net of Allowance for Doubtful Accounts	310404	99500	0	141893	0	28253	0	721	580771	0	580771
131 Investments - Unrestricted											
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	194030		7537					114813	316380		316380
143 Intangibles	44366								44366		44366
143.1 Allowance for Obsolete Investments	0								0		0
144 Total Program Due From	327673	273715	3173		414871			170146	1204544	-1204544	0
145 Assets Held for Sale											
150 Total Current Assets	897335	431360	1381489	141893	414871	28253	181489	295634	3782363	-1204544	2577819

Housing Authority of the City of Alexandria Financial Data Schedule

Entity Wide Revenue and Expense Summary

LA023	06/30/2009	Audited/A-133	Project Total	1	14,871	84,287	14, DVP	93,358	14, VSH	COC	Subtotal	ELIM	Total
70300	Net Tenant Rental Revenue	487906	29637								487543		497543
70400	Tenant Revenue - Other	32482	585								33067		33067
70500	Total Tenant Revenue	500388	30222	0	0	0	0	0	0	0	530610	0	530610
70600	HUD PHA Operating Grants	1865449		4036050					167475	145850	6236924		6236924
70810	Capital Grants	776222									776222		776222
70710	Management Fee									135155	135155	-135155	0
70720	Asset Management Fee									34560	34560	-34560	0
70730	Book Keeping Fee									31586	31586	-31586	0
70740	Front Line Service Fee												
70750	Other Fees									7157	7157	-7157	0
70700	Total Fee Revenue									208458	208458	-208458	0
70800	Other Government Grants				144806		75311				221117		221117
71100	Investment Income - Unrestricted	2031	712	667					459	1370	5269		5269
71200	Mortgage Interest Income												
71300	Proceeds from Disposition of Assets Held for Sale												
71310	Cost of Sale of Assets												
71400	Field Recovery			23690						184416	23690		23690
71500	Other Revenue												
71600	Gain or Loss on Sale of Capital Assets	110981									294787		294787
72000	Investment Income - Restricted												
70000	Total Revenue	3274471	30934	4073573	144806	0	75311	157934		540184	10936	-208458	8099765
91100	Administrative Salaries	276016	10925	489330						348607	1124878		1124878
91200	Auditing Fees	10875	9245							10875	30985		30985
91300	Management Fee	135155									135155	-135155	0
91310	Book-keeping Fee	31586									31586	-31586	0
91400	Advertising and Marketing												
91500	Employee Benefit Contributions - Administrative	108438	807	109388						21029	240662		240662
91600	Office Expense	191914	25720	58558	1132					119352	387116		387116
91700	Legal Expenses	31046								2164	33210		33210
91800	Travel	7637		3828	982					5880	16427		16427
91810	Allocated Overhead												
91800	Other	7157	40078				150				47385	-7157	40228
91000	Total Operating - Administrative	767824	77530	670749	2114	0	150	150	0	511047	2048414	-173398	1875516

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
Alexandria, Louisiana

**Status of Prior Year Management Letter Items
For the Year Ended June 30, 2009**

PRIOR YEAR MANAGEMENT LETTER COMMENTS:

The prior year financial audit included Management Letter Comments. My consideration of them during the current year is as follows:

ML 2008-1 Audit report published subsequent to the December 31, 2008 Louisiana State law deadline.

See ML 2009-1

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danny@highperformer.net**

Management Letter

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

In planning and performing my audit of the financial statements of the Housing Authority of the City of Alexandria for the year ended June 30, 2009, I considered the Authority's internal control to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

However, during my audit, I noted certain matters involving internal control that is presented for your consideration. This letter does not affect my report dated February 4, 2010, on the financial statements of the authority. Management's response has also been included.

ML 2009-1

This is a repeat Management Letter Comment caused by neither AHA nor the CPA firm.

The AHA annual financial statement audit was published late per State Law. State Law requires the audit report to be published within 6 months of FYE. HUD is in the process of modifying the software that accepts the electronic submission of the annual financial statements, which has caused many delays. This software provides information vital to the AHA in order for AHA to submit correct audited financial statement amounts.

HUD has acknowledged that recent modifications to their submission process causes delays and problems and HUD has suspended the due dates of the electronic submissions and is therefore not scoring Public Housing Authorities based on their reported financial performance in comparison to other Public Housing Authorities.

Accordingly, neither the AHA nor the CPA firm accept any responsibility for the audit submission being late per Louisiana State Law. It is noted that the audit report is being published in a timely manner in order to meet the Federal 9 month deadline.

There is no corrective action response to this ML Comment because of the nature of the cause of the ML Comment.

My audit procedures are designed primarily to enable me to form opinions on the financial statements of the authority, as of and for the year ending June 30, 2009, which collectively comprise the authority's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

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

William Daniel McCaskill

William Daniel McCaskill, CPA, APAC
A Professional Accounting Corporation

February 4, 2010