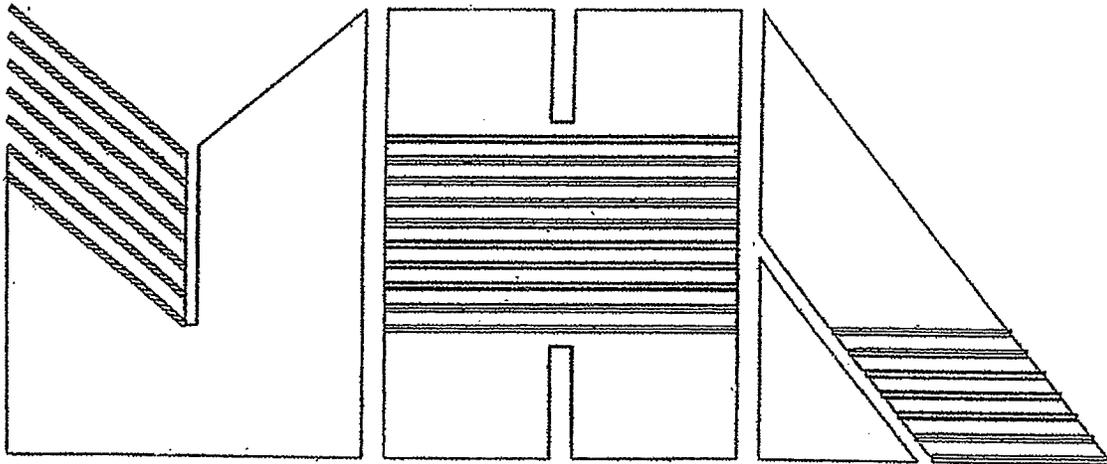


Housing Authority of the City of Monroe

Monroe, Louisiana



Comprehensive Annual Financial Report

As Of And For the Year Ended June 30, 2014

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

Comprehensive Annual Financial Report

As of And For the Year Ended June 30, 2014

**Frank L. Wilcox
Executive Director**

**Janet Sanderford
Administrative Director**

Prepared by the Accounting Department

**Housing Authority of the City of Monroe
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INTRODUCTORY SECTION



300 Harrison Street Monroe, LA 71201 (318) 388-1500
Frank L. Wilcox, Exec. Director Joe Farr, Chairman Hal Hinchliffe, Vice Chairman Joseph H. Miller Henry Bonner Roxie Jackson

March 10, 2015

Joe Farr, Chairman
and Members of the Board
Housing Authority of the City of Monroe
Monroe, Louisiana

Dear Board Members:

The Comprehensive Annual Financial Report of the Housing Authority of the City of Monroe (Housing Authority) for the year ended June 30, 2014, is submitted herewith. This report has been prepared by the Accounting Department personnel following the guidelines recommended by the Government Finance Officers Association of the United States and Canada. Additional information on the Housing Authority financial condition is included in the management's discussion and analysis.

A. Management Responsibility Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Housing Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and the component unit of the Housing Authority. All disclosures necessary to enable the reader to gain an understanding of the Housing Authority's financial activities have been included.

B. CAFR The Comprehensive Annual Financial Report (CAFR) consists of three parts:

- (1) The Introductory Section. This section includes a transmittal letter, information on financial reporting achievements, the Housing Authority's organizational structure, recognition of the appointed officials of the Housing Authority and a list of selected administrative officials.
- (2) The Financial Section. The financial section consists of management's discussion and analysis and basic financial statements. Various statements are also used to demonstrate finance-related legal and contractual compliance, present other information deemed useful, and provide details of data summarized in the financial statements.
- (3) The Statistical Section. Included in this section are a number of tables of unaudited data depicting the financial history, demographics and other miscellaneous information of the Housing Authority for the past ten years.

The Housing Authority is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit includes the Schedule of Expenditures of Federal Awards, findings and recommendations, if applicable, and auditor's reports on internal control and compliance with applicable laws and regulations. The single audit report is issued separately from this Comprehensive Annual Financial Report.

The primary objective of the Housing Authority is to provide affordable housing for families which, due to economic hardship, are unable to obtain housing in the private real estate market. A second goal is to assist these families in achieving self sufficiency. To accomplish these objectives, the Housing Authority participates in a number of programs which are discussed in the Notes to the Financial Statements included in this report.

C. Reporting Entity This report includes all funds of the Housing Authority as well as all of its component units. Component units are legally separate entities for which a government is financially accountable. The Housing Authority is an independent governmental entity created by the state of Louisiana. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. Although it maintains close ties with the City of Monroe in several respects, the Housing Authority is not a component unit of the City as defined by the pronouncements by the Governmental Accounting Standards Board since it is not financially accountable for the operations of the Housing Authority, has no responsibility to fund deficits or rights to receive surpluses, and has not guaranteed the Housing Authority's debt.

The governing body of the Housing Authority is its Board of Commissioners ("Board") comprised of five members appointed by the Mayor of the City. The Board appoints an Executive Director to administer the affairs of the Housing Authority. The primary source of funding for the Housing Authority is the U. S. Department of Housing and Urban Development ("HUD"), which oversees the expenses of most of the funds.

Monroe Housing Facilities Corporation is included by blended presentation in the Housing Authority's financial statements. This corporation is a legally separate entity governed by the same Board as the Housing Authority.

D. Major Initiatives The Housing Authority once again received a designation of "High Performer" from the Department of Housing and Urban Development. This rating is the result of a dedicated caring staff and management's decision to set a High Performer rating as one of their highest goals.



The **Capital Fund Program** provided funds for roof repair and replacement at four of our properties, including Locke-Breece, Johnson-Carver, Foster Heights, and McKeen Plaza at a cost of over \$1.8 million.



The Housing Authority has **rental assistance** programs that were created under Section 8 of the 1974 federal Housing and Community Development Act. Under these programs, the Housing Authority provides subsidies to local landlords on behalf of low-income families and individuals living in privately-owned housing in the city of Monroe. The Department of Housing & Urban Development assesses Section 8 programs thru its SEMAP assessment. The last available score posted for Monroe Housing Authority was 96.



The Housing Authority now manages a total of 6 Section 202 properties consisting of a total of 286 units of elderly housing. The Housing Authority also manages 5 tax credit properties with a total of 335 units also for elderly housing. We have also added 16 units specifically designed for handicapped families to our managed properties listings.



Seniors living in our Retirement Communities are allowed to 'age in place' due to the many amenities provided in conjunction with the Ouachita Council on Aging.

E. Long Term Financial Planning The Housing Authority is founded on the belief that affordable housing is central to the physical and emotional health, the productivity, and the self esteem of the people it serves. Recognizing its responsibility to maintain physical properties while affording dignity and respect to every individual, the objective of the Housing Authority is to improve the quality of life through a community partnership. HUD has made major changes to the operating subsidy calculation and requires housing authorities to manage their properties according to an asset management model. This requires project based management, project based budgeting, and project based accounting. All of these changes must be accomplished while maintaining the overall mission of the Housing Authority as stated above.

F. Internal Control Management of the Housing Authority is responsible for establishing and maintaining internal control designed to ensure that the assets of the Housing Authority are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the Housing Authority's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the Housing Authority also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs.

As a part of the Housing Authority's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the Housing Authority has complied with applicable laws and regulations.

G. Budgetary Controls In addition, the Housing Authority maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Housing Authority. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function by fund. Revisions to the budget enacted require Housing Authority approval.

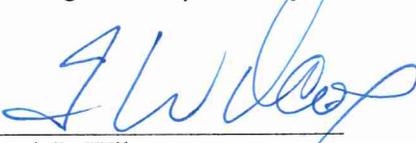
As demonstrated by the statements and schedules included in the financial section of this report, the Housing Authority continues to meet its responsibility for sound financial management.

H. Independent Audits The report of our independent certified public accountants, Allen, Green & Williamson, LLP, follows as an integral component of this report. Their audit of the financial statements and accompanying combining and individual fund statements and schedules was performed in accordance with auditing standards generally accepted in the United States of America and, accordingly, included a review of the Housing Authority's system of budgetary and accounting controls.

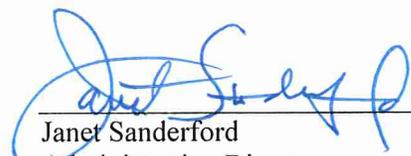
I. Award The Government Finance Officers Association (GFOA) of the United States and Canada issues a Certificate of Achievement for Excellence in Financial Reporting to governments for their Comprehensive Annual Financial Report. To be awarded this certificate, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. This certificate is valid for a period of one year only. The award is granted only after an intensive review of the financial report by an expert panel of certified public accountants.

Management believes that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014, which will be submitted to GFOA for review, will conform to the principles and standards of this organization.

J. Acknowledgments The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Accounting Department. We want to express our appreciation to them for their assistance. We also thank the members of the Housing Authority for their interest and support in planning and conducting the financial operations of the Housing Authority in a responsible and progressive manner.



Frank L. Wilcox
Executive Director



Janet Sanderford
Administrative Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

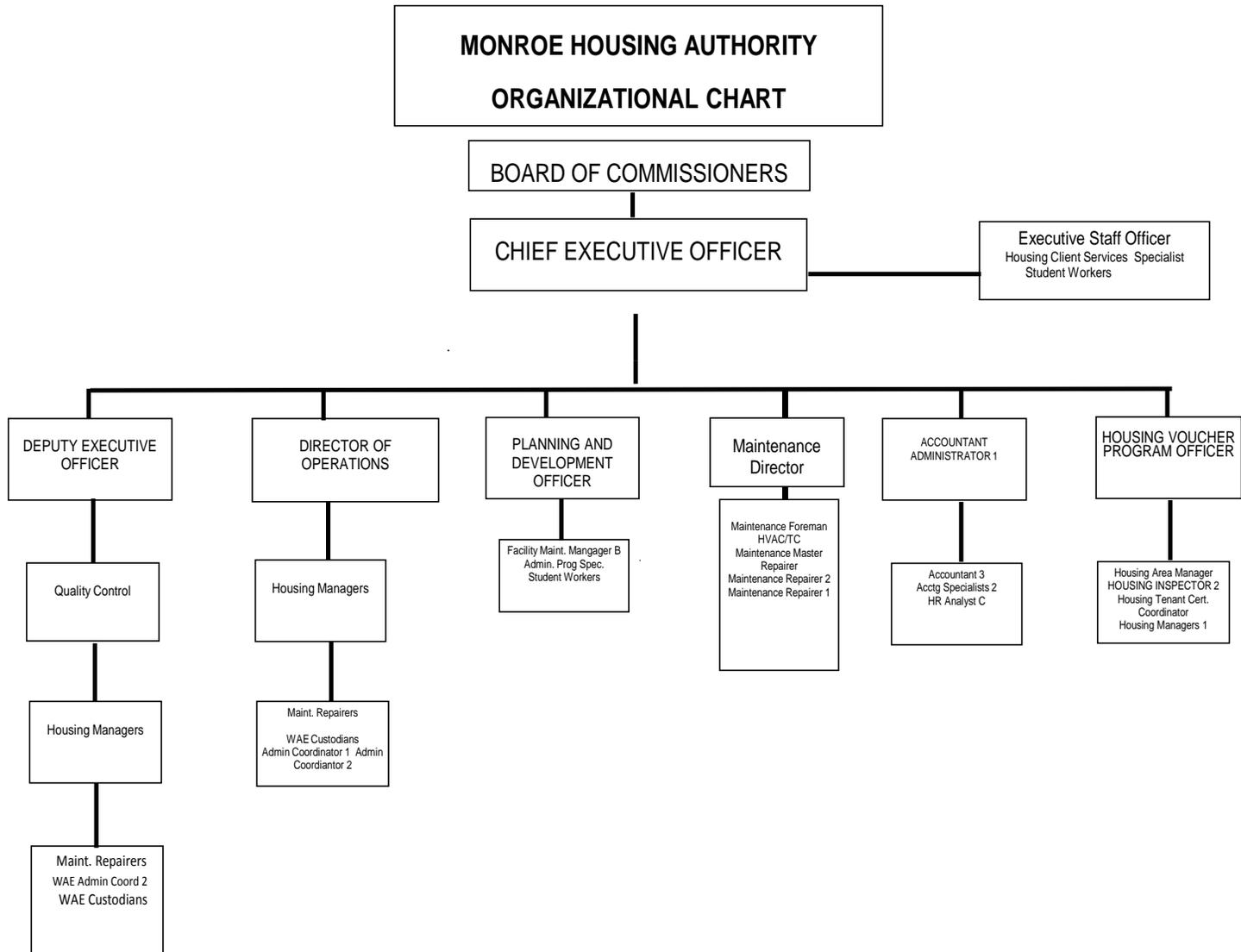
June 30, 2013

Executive Director/CEO

Housing Authority of the City of Monroe

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Housing Authority of the City of Monroe



Housing Authority of the City of Monroe

**Appointed Officials
Board of Commissioners**

Mr. Joe Farr, Chairman

Mr. Hal Hinchliffe, Vice Chairman

Dr. Henry Bonner, Jr.

Ms. Roxie Jackson

Mr. Joseph Miller

Selected Administrative Officials

Frank L. Wilcox

Executive Director

Bobby Simmons

Deputy Director

Cheryl Farmer

Director of Operations

Janet Sanderford

Administrative Director

Naomi Jackson

Section 8 Director

FINANCIAL SECTION



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Monroe, LA 71211-6075

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Monroe, LA 71201

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Partners: Tim Green, CPA
Margie Williamson, CPA
Amy Tynes, CPA
Aimee Buchanan, CPA
Principal: Cindy Thomason, CPA

Nancy Tiser Blankenship, CPA
Matt Carmichael, CPA
Jaime Esswein, CPA, CFE
Diane Ferschoff, CPA
Jaunicia Mercer, CPA, CFE

Ernest L. Allen, CPA
(Retired) 1963 - 2000

INDEPENDENT AUDITOR'S REPORT

Board Members
Housing Authority of the City of Monroe
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Housing Authority of the City of Monroe, Louisiana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Housing Authority, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Monroe's basic financial statements. The accompanying supplementary information, as listed in the table of contents, which includes the Financial Data Schedule required by the United States Department of Housing and Urban Development, and the other information such as the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, which includes the Financial Data Schedule required by the United States Department of Housing and Urban Development, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, which includes the Financial Data Schedule required by the United States Department of Housing and Urban Development, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, including the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated March 10, 2015 on our consideration of the Housing Authority of the City of Monroe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 10, 2015

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

Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 9 through 12 of this report. Dollar amounts presented in the MD&A are presented in thousands.

FINANCIAL HIGHLIGHTS In fiscal year 2014, the Housing Authority had the following changes:

- The assets of the Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$51,694 (*net position*). Of this amount, \$16,212 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Housing Authority's total net position increased by \$266 for current year. This is mainly due to an increase in operating subsidy received.
- At the end of the current fiscal year, unrestricted net position for the general fund was \$8,623, or 79% of the general fund total operating expenses.
- The Housing Authority continues to operate without the need for debt borrowings during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. 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 proprietary funds.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consist of financial statements that show information about the Housing Authority's most significant funds – such as the Housing Authority's General fund, Tenant-based Section 8 fund, Management Fees fund and Monroe Housing Facilities fund.

Our auditors have provided assurance in their independent auditor's 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 ascertain the level of assurance being provided for each of the other parts of this report.

The Introductory Section and the Statistical Section was prepared by the Housing Authority without association by the independent auditors. Accordingly, the Housing Authority assumes full responsibility for the accuracy of these two sections.

**Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2014**

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Housing Authority's enterprise funds use the following accounting approach:

Proprietary funds – All of the Housing Authority's services are reported in enterprise funds. They are reported using the full accrual method of accounting in which all assets, liabilities and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL ANALYSIS

The Housing Authority's net position was \$51,694 at June 30, 2014. Of this amount, \$16,212 was unrestricted. Restricted net position of \$19 are reported separately to show legal constraints from U. S. Department of Housing and Urban Development regulations that limit the Housing Authority to use for items other than the housing assistance payments (HAP) for the Section 8 Tenant Based program.

As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. The general fund is used to account for the public housing, capital fund, resident opportunities and self-sufficiencies, and economic development programs. The tenant based Section 8 fund accounts for the Section 8 Housing Choice Voucher program, the Disaster Voucher program, the DHAP program, and the SNAP program. The Monroe Housing Facilities and Management Fees earned on properties managed by the Housing Authority are accounted for in separate funds. Our analysis below focuses on the net position and the change in net position of the primary government as a whole.

Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2014

Table 1
Net Position
(in thousands)
June 30,

	2014	2013	Variance
Current assets	\$ 19,266	\$ 17,990	\$ 1,276
Noncurrent assets	35,946	36,168	(222)
Total assets	<u>55,212</u>	<u>54,158</u>	<u>1,054</u>
Current liabilities	2,170	1,482	688
Noncurrent liabilities	1,348	1,248	100
Total liabilities	<u>3,518</u>	<u>2,730</u>	<u>788</u>
Net position			
Investment in capital assets	35,463	35,644	(181)
Restricted	19	407	(388)
Unrestricted	16,212	15,377	835
Total net position	<u>\$ 51,694</u>	<u>\$ 51,428</u>	<u>\$ 266</u>

Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2014

Table 2
Changes in Net Position
(in thousands)
For the Years Ended June 30,

	2014	2013	Variance
Beginning net position	\$ 51,428	\$ 50,438	\$ 990
Revenues:			
Operating revenues			
Rental and other	5,529	5,233	296
Federal grants	11,824	11,903	(79)
Total operating revenues	<u>17,353</u>	<u>17,136</u>	<u>217</u>
Expenses:			
Operating expenses			
Administration	3,139	3,038	101
Tenant services	117	75	42
Utilities	410	359	51
Ordinary maintenance and operations	3,270	3,195	75
Protective services	158	166	(8)
General expenses	1,308	1,129	179
Housing assistance payments	6,750	7,015	(265)
Depreciation	3,721	3,667	54
Total expenses	<u>18,873</u>	<u>18,644</u>	<u>229</u>
Non-operating revenues			
Interest earnings	43	53	(10)
Gain(Loss) on sale of equipment	11	-	11
Total non-operating revenues	<u>54</u>	<u>53</u>	<u>1</u>
Net income (loss) before capital contributions	<u>(1,466)</u>	<u>(1,455)</u>	<u>(11)</u>
Capital contributions	1,732	2,445	(713)
Increase (decrease) in net position	<u>266</u>	<u>990</u>	<u>(724)</u>
Ending net position	<u>\$ 51,694</u>	<u>\$ 51,428</u>	<u>\$ 266</u>

Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2014

Total operating revenues increased \$217.

- The general fund's operating revenue increased \$1,082 due to an increase in subsidy received.
- The Section 8 fund's operating revenue decreased \$878 due to a decrease in funds received from HUD and a temporary decrease in leasing.
- The management fees' operating revenue increased \$13 due to an increase in management fees and bookkeeping fees collected.
- The Monroe housing facilities' operating revenues remained constant.

Total operating expenses increased \$229.

- The general fund's operating expenses increased \$499. This change was due to an increase in maintenance labor costs, benefits, and compensated absences due to several long-time employees retiring. These employees are allowed to use accumulated leave time at the end of their employment.
- The Section 8 funds operating expenses decreased \$300. This change was due to a temporary decreasing in leasing therefore decreasing Housing Assistance Payments.
- The management fees' operating expenses decreased \$13. This change was due to individual properties taking over Senior Care expenses.
- The Monroe housing facilities' operating expenses increased \$44. This change was due to a grant being given to South Pointe IV for property purchase for future development of low income housing.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the Housing Authority had \$35,463 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 \$181 or .5%, from last year.

Capital Assets at Year-end
(in thousands)

	2014	2013
Land	\$ 2,072	\$ 2,063
Construction in progress	3,415	2,134
Buildings and site improvements	29,347	30,727
Furniture and equipment	629	720
Totals	\$ 35,463	\$ 35,644

This year's additions of \$3,543 are mainly the result of construction in progress additions for capital fund projects and operating reserve projects as well as purchase of land and vehicles.

We present more detailed information on capital assets in Note 5 to the financial statements.

**Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2014**

Debt

Our long-term debt includes accrued annual and sick leave. We present more detail about our long-term liabilities in the Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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 capital fund programs are multiple year budgets and have remained relatively stable. Capital fund programs are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens 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 questions about this report or wish to request additional financial information, contact Janet Sanderford, Administrative Director, at the Housing Authority of the City of Monroe, 300 Harrison Street, Monroe, Louisiana 71201, telephone number (318) 388-1500.

Housing Authority of the City of Monroe

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF MONROE

**ENTERPRISE FUNDS
Statement of Net Position
June 30, 2014**

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 5,599,012	\$ 480,103	\$ 322,554
Investments	4,230,560	-	-
Accounts receivable, net	796,471	106,423	-
Note receivable	-	-	-
Interfund receivable	322,700	-	-
Prepaid items and other assets	229,243	3,326	-
Inventory	7,106	-	-
Restricted assets			
Cash for deposits due others	340,411	33,848	-
Total Current assets	<u>11,525,503</u>	<u>623,700</u>	<u>322,554</u>
Noncurrent Assets:			
Note receivable	-	-	-
Capital Assets, net			
Land and construction in progress	5,487,275	-	-
Buildings and equipment (net)	29,022,763	27,130	-
Total noncurrent assets	<u>34,510,038</u>	<u>27,130</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 46,035,541</u>	<u>\$ 650,830</u>	<u>\$ 322,554</u>

Statement A

MONROE HOUSING FACILITIES	TOTAL GOVERNMENT
\$ 5,339,475	\$ 11,741,144
1,413,944	5,644,504
-	902,894
29,920	29,920
10,745	333,445
-	232,569
-	7,106
-	374,259
<hr/>	<hr/>
6,794,084	19,265,841
<hr/>	<hr/>
482,694	482,694
-	5,487,275
926,295	29,976,188
<hr/>	<hr/>
1,408,989	35,946,157
<hr/>	<hr/>
\$ 8,203,073	\$ 55,211,998

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MONROE

**ENTERPRISE FUNDS
Statement of Net Position
June 30, 2014**

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 647,682	\$ 14,147	\$ -
Interfund payable	10,745	322,700	-
Accrued liabilities	417,840	8,008	-
Unearned revenue	11,644	5,277	-
Current portion of long term debt	316,067	41,573	-
Current Liabilities Paid with Restricted Assets			
Deposits due others	<u>340,411</u>	<u>33,938</u>	-
Total Current Liabilities	1,744,389	425,643	-
Noncurrent Liabilities			
Compensated absences payable	<u>1,157,877</u>	<u>190,131</u>	-
TOTAL LIABILITIES	<u>2,902,266</u>	<u>615,774</u>	-
NET POSITION			
Investment in capital assets	34,510,038	27,130	-
Restricted for HAP	-	18,807	-
Unrestricted	<u>8,623,237</u>	<u>(10,881)</u>	<u>322,554</u>
TOTAL NET POSITION	<u>\$ 43,133,275</u>	<u>\$ 35,056</u>	<u>\$ 322,554</u>

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

Statement A

<u>MONROE HOUSING FACILITIES</u>	<u>TOTAL GOVERNMENT</u>
\$ -	\$ 661,829
-	333,445
-	425,848
-	16,921
-	357,640
-	<u>374,349</u>
-	2,170,032
-	<u>1,348,008</u>
-	<u>3,518,040</u>
926,295	35,463,463
-	18,807
<u>7,276,778</u>	<u>16,211,688</u>
<u>\$ 8,203,073</u>	<u>\$ 51,693,958</u>

(CONCLUDED)

HOUSING AUTHORITY OF THE CITY OF MONROE

ENTERPRISE FUNDS

**Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2014**

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>
OPERATING REVENUES			
Dwelling rental	\$ 3,964,000	\$ -	\$ -
Other	1,004,332	159,548	353,977
Federal grants	4,820,440	7,003,164	-
Total operating revenues	<u>9,788,772</u>	<u>7,162,712</u>	<u>353,977</u>
OPERATING EXPENSES			
Administration	2,197,057	863,254	67,034
Tenant services	103,970	-	13,309
Utilities	395,676	-	-
Ordinary maintenance & operations	3,222,561	30,510	-
Protective services	158,283	-	-
General expenses	1,222,782	31,872	33,133
Housing assistance payments	-	6,749,646	-
Depreciation	3,615,282	11,847	-
Total operating expenses	<u>10,915,611</u>	<u>7,687,129</u>	<u>113,476</u>
Income (loss) from Operations	<u>(1,126,839)</u>	<u>(524,417)</u>	<u>240,501</u>
Nonoperating revenues (expenses)			
Investment earnings and gains/losses	22,070	527	-
Gains/losses on disposal of capital assets	5,940	4,650	-
Total nonoperating revenues (expenses)	<u>28,010</u>	<u>5,177</u>	<u>-</u>
Net Income (Loss) before capital contributions and transfers	(1,098,829)	(519,240)	240,501
Capital contributions	1,732,105	-	-
Transfers in	-	-	-
Transfers out	(250,000)	-	(350,000)
Total contributions and transfers	<u>1,482,105</u>	<u>-</u>	<u>(350,000)</u>
Change in net position	383,276	(519,240)	(109,499)
NET POSITION AT BEGINNING OF YEAR	<u>42,749,999</u>	<u>554,296</u>	<u>432,053</u>
NET POSITION AT END OF YEAR	<u>\$ 43,133,275</u>	<u>\$ 35,056</u>	<u>\$ 322,554</u>

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

Statement B

MONROE HOUSING FACILITIES	TOTAL GOVERNMENT
\$ -	\$ 3,964,000
48,000	1,565,857
-	11,823,604
<u>48,000</u>	<u>17,353,461</u>
11,635	3,138,980
-	117,279
14,285	409,961
17,399	3,270,470
-	158,283
19,919	1,307,706
-	6,749,646
94,339	3,721,468
<u>157,577</u>	<u>18,873,793</u>
<u>(109,577)</u>	<u>(1,520,332)</u>
20,714	43,311
-	10,590
<u>20,714</u>	<u>53,901</u>
(88,863)	(1,466,431)
-	1,732,105
600,000	600,000
-	(600,000)
<u>600,000</u>	<u>1,732,105</u>
511,137	265,674
<u>7,691,936</u>	<u>51,428,284</u>
<u>\$ 8,203,073</u>	<u>\$ 51,693,958</u>

HOUSING AUTHORITY OF THE CITY OF MONROE

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2014**

	GENERAL	TENANT BASED SECTION 8	MANAGEMENT FEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 3,976,902	\$ -	\$ -
Other receipts	803,744	162,228	354,814
Payments to vendors	(3,357,529)	(359,249)	(25,477)
Payments to employees	(3,263,147)	(458,640)	(54,866)
Payments to private landlords	-	(6,753,693)	-
Payments to others	-	-	(33,133)
Federal grants	4,292,015	7,003,164	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,451,985	(406,190)	241,338
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in/out	(250,000)	-	(350,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase capital assets	(3,543,551)	-	-
Proceeds from sale of capital assets	5,940	4,650	-
Contributed capital	1,732,105	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,055,506)	4,650	(350,000)
CASH FLOW FROM INVESTING ACTIVITIES:			
Investment earnings and gains/losses	22,070	527	-
Purchase of investments	(19,355)	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 2,715	\$ 527	\$ -

Statement C

<u>MONROE HOUSING FACILITIES</u>	<u>TOTAL GOVERNMENT</u>
\$ -	\$ 3,976,902
48,000	1,368,786
(39,501)	(3,781,756)
(1,591)	(3,778,244)
-	(6,753,693)
-	(33,133)
-	11,295,179
<u>6,908</u>	<u>2,294,041</u>
<u>600,000</u>	<u>-</u>
-	(3,543,551)
-	10,590
-	1,732,105
<u>600,000</u>	<u>(1,800,856)</u>
20,714	43,311
-	(19,355)
<u>\$ 20,714</u>	<u>\$ 23,956</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MONROE

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2014**

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 399,194	\$ (401,013)	\$ (108,662)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,540,229</u>	<u>914,964</u>	<u>431,216</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>5,939,423</u></u>	<u><u>513,951</u></u>	<u><u>322,554</u></u>
Reconciliation to financial statements:			
Cash	5,599,012	480,103	322,554
Restricted cash (deposits due others)	<u>340,411</u>	<u>33,848</u>	<u>-</u>
	<u><u>5,939,423</u></u>	<u><u>513,951</u></u>	<u><u>322,554</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(1,126,839)	(524,417)	240,501
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	3,615,282	11,847	-
Change in assets and liabilities:			
Accounts receivables, net	(614,915)	2,680	837
Notes receivable, net	-	-	-
Interfund receivables	(117,843)	-	-
Inventories	3,264	-	-
Prepaid items and other assets	5,989	(237)	-
Accounts payable	580,981	(30,980)	-
Accrued expenses	42,502	924	-
Unearned revenue	(3,248)	418	-
Interfund payables	6,987	117,843	-
Deposits due others	16,775	(7,389)	-
Compensated absences	<u>43,050</u>	<u>23,121</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 2,451,985</u></u>	<u><u>\$ (406,190)</u></u>	<u><u>\$ 241,338</u></u>

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

Statement C

<u>MONROE HOUSING FACILITIES</u>	<u>TOTAL GOVERNMENT</u>
\$ 627,622	\$ 517,141
<u>4,711,853</u>	<u>11,598,262</u>
<u><u>5,339,475</u></u>	<u><u>12,115,403</u></u>
5,339,475	11,741,144
<u>-</u>	<u>374,259</u>
<u><u>5,339,475</u></u>	<u><u>12,115,403</u></u>
(109,577)	(1,520,332)
94,339	3,721,468
-	(611,398)
29,033	29,033
(6,987)	(124,830)
-	3,264
100	5,852
-	550,001
-	43,426
-	(2,830)
-	124,830
-	9,386
<u>-</u>	<u>66,171</u>
<u><u>\$ 6,908</u></u>	<u><u>\$ 2,294,041</u></u>

(CONCLUDED)

Housing Authority of the City of Monroe

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Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

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Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

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

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

The Housing Authority has the following units:

PHA Owned Housing	FW 2006	1,522
Section 8		
Housing Choice Vouchers	FW 2072 (VO)	1,545
Managing Agent (Section 202 Elderly Housing Projects)		
Ouachita Grand Plaza, Inc.		91
Passman Plaza, Inc.		41
Passman Plaza II, Inc.		39
Passman Plaza III, Inc.		60
Claiborne Creek Apartments, LLP		72
Claiborne Creek II, LLP		60
Chauvin Pointe, LLP		74
Chauvin Pointe II, LLP		65
South Pointe, LLP		37
South Pointe II, LLP		44
South Pointe III, LLP		36
South Pointe IV, LLP		4
Alabama Place, LLP		16

GASB Statements No. 14 and 61 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statements No. 14 and 61, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

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

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

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

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and a financial benefit or burden is present.
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 Housing Authority has determined that the following component unit should be considered as part of the Housing Authority reporting entity.

Monroe Housing Facilities Corporation (Corporation) is a legally separate entity. The Board is the same as the Board of Commissioners of the Housing Authority. The Corporation is fiscally dependent on the Housing Authority due to operations and administration of the Corporation are handled by the same personnel of the Housing Authority, which no costs are being charged to the Corporation for these services. Based on the above, it has been determined that the Corporation is a component unit of the Housing Authority and should be included in the Housing Authority's financial statements through blended presentation. The Corporation does not issue separate financial statements.

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

All funds of the Housing Authority are classified as proprietary. The general fund accounts for the transactions of the public housing low rent program, the capital fund program, the resident opportunities and self-sufficiency program and the economic development program. The tenant based Section 8 fund accounts for the tenant based Section 8 programs. The management fees fund accounts for the activity of the Section 202 Elderly Housing Project for which the Housing Authority is the managing agent and the Monroe housing facilities fund accounts for the activity of the Monroe Housing Facilities Corporation.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Proprietary Funds 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 measurement focus, all assets, liabilities and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position.

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

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 Housing Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. INVESTMENTS Investments are limited by LSA-R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The Housing Authority reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

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

G. INVENTORY All purchased inventory items are valued at cost using just-in-time method. Materials and supplies at the project level are expensed as they are purchased.

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

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

I. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$1,500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives using a half-year convention method:

Site improvements	15 years
Buildings	15 - 40 years
Furniture and equipment	5 - 7 years

J. UNEARNED REVENUES The Housing Authority reports unearned revenues on its statement of net position. Unearned revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and the revenue is recognized.

K. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date. The Board may approve payment of one-half of sick leave if the employee has been with the Housing Authority for ten years and is 55 years of age. The Board may approve employees' extended time off prior to their retirement, to use accumulated leave balances above the compensated absence payout policy.

L. RESTRICTED NET POSITION Net position are reported as restricted when constraints placed on net position 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 net position is available. The restricted net position for housing assistance payments (HAP) reported in the Statement of Net Position is restricted by enabling legislation.

M. INTERFUND ACTIVITY Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market, or near market rates, are treated as revenues and expenses.

All other interfund transfers are reported as transfers. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

NOTE 2 - CASH AND CASH EQUIVALENTS The Housing Authority's deposits are recorded at cost. The carrying amount of deposits totaled \$17,759,907, which includes \$5,644,504 held in certificates of deposit that are classified as investments and \$374,259 in deposits due others classified as restricted deposits.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority investments are in Certificates of Deposits, which do not have credit ratings; however, the Housing Authority's policy does not address credit rate risk.

Custodial Credit Risk-Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2014 the Housing Authority bank balance was \$18,189,512, in which \$17,189,512 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Housing Authority's name. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon request. The Housing Authority's policy does not address custodial credit risk.

NOTE 3 - ACCOUNTS RECEIVABLE The receivables at June 30, 2014, are as follows:

Class of Receivables	General	Tenant Based Section 8	Total
Local sources:			
Tenants	\$ 37,914	\$ -	\$ 37,914
Other	130,061	106,423	236,484
Federal sources:			
Due from HUD	628,496	-	628,496
Total	<u>\$ 796,471</u>	<u>\$ 106,423</u>	<u>\$ 902,894</u>

The tenants account receivable is net of an allowance for doubtful accounts of \$7,544. The accounts receivable - other are balances due from other entities the Housing Authority manages or are in development and repayment agreements for fraudulently reporting wrong income amounts for past rental calculations. The Housing Authority accounts receivable - other is net of an allowance for doubtful accounts of \$48,969.

NOTE 4 - NOTE RECEIVABLE The Housing Authority entered into a note receivable during the year ended June 30, 2013. The note receivable was between Monroe Housing Facilities and Alabama Place for cost incurred with the construction of the property. The amount of the note receivable at June 30, 2014 was \$512,614. Of this amount, \$29,920 is due within a year to Monroe Housing Facilities. The Housing Authority expects to receive this note in full; and therefore, no allowance for doubtful accounts was recorded.

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

NOTE 5 - CAPITAL ASSETS The changes in capital assets are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Capital Assets, nondepreciable				
Land	\$ 2,062,904	\$ 8,750	\$ -	\$ 2,071,654
Construction in progress	2,134,391	3,415,621	2,134,391	3,415,621
Total capital assets, non depreciable	<u>4,197,295</u>	<u>3,424,371</u>	<u>2,134,391</u>	<u>5,487,275</u>
Capital assets, depreciable				
Buildings and site improvements	86,050,526	2,134,391	-	88,184,917
Furniture and equipment	2,784,870	118,363	111,771	2,791,462
Total capital assets, depreciable	<u>88,835,396</u>	<u>2,252,754</u>	<u>111,771</u>	<u>90,976,379</u>
Less accumulated depreciation				
Buildings and site improvements	55,323,734	3,514,102	-	58,837,836
Furniture and equipment	2,064,577	207,366	109,588	2,162,355
Total	<u>57,388,311</u>	<u>3,721,468</u>	<u>109,588</u>	<u>61,000,191</u>
Net Depreciable Assets	<u>31,447,085</u>	<u>(1,468,714)</u>	<u>2,183</u>	<u>29,976,188</u>
Total capital assets, net	<u>\$ 35,644,380</u>	<u>\$ 1,955,657</u>	<u>\$ 2,136,574</u>	<u>\$ 35,463,463</u>

NOTE 6 - RETIREMENT SYSTEM The Housing Authority participates in the Housing-Renewal and Local Agency Retirement Plan, administered by Broussard, Bush & Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. Plan provisions and changes to plan contributions are determined by the Board of the Housing Authority.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 14.0 percent of each participant's basic (excludes overtime) compensation.

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

Normal retirement date shall be the first day of the month following the employee's 65th birthday or after 10 years of participation in the plan.

The Housing Authority's contributions were calculated using the base salary amount of \$2,644,038. The members' contributions were \$16,099 for the year ended June 30, 2014. The Housing Authority made the required contributions of \$369,825 for the year ended June 30, 2014.

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

NOTE 7 - ACCOUNTS PAYABLE The payables at June 30, 2014, are as follows:

	General	Tenant Based Section 8	Total
Vendors	\$ 22,855	\$ 14,147	\$ 37,002
Contract Payable	352,552	-	352,552
Retainage Payable	272,275	-	272,275
Total	\$ 647,682	\$ 14,147	\$ 661,829

NOTE 8 - ACCRUED LIABILITIES The accrued liabilities at June 30, 2014, are as follows:

	General	Tenant Based Section 8	Total
Payments in lieu of taxes	\$ 361,411	\$ -	\$ 361,411
Salaries and benefits	56,429	8,008	64,437
Total	\$ 417,840	\$ 8,008	\$ 425,848

NOTE 9 - COMPENSATED ABSENCES At June 30, 2014, employees of the Housing Authority have accumulated and vested \$1,705,648 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. In the past, the liability has been liquidated by the General fund and Tenant Based Section 8 fund.

NOTE 10 - GENERAL LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended June 30, 2014:

	Compensated Absences
Beginning Balance	\$ 1,639,477
Additions	273,018
Deletions	206,847
Ending Balance	\$ 1,705,648
Amounts Due Within One Year	\$ 357,640

NOTE 11 - INTERFUND TRANSACTIONS (FFS LEVEL ONLY)

Interfund receivables/payables at June 30, 2014, are as follows:

Receivable	Amount	Payable	Amount
General Fund	\$ 322,700	Tenant Based Section 8	\$ 322,700
Monroe Housing Facilities	10,745	General Fund	10,745
Total	\$ 333,445		\$ 333,445

The purpose of the interfund transaction was that the central office cost center loaned money to the Section 8 fund to help cover the costs of administering the Section 8 program.

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

Interfund transfers at June 30, 2014, are as follows:

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
Monroe Housing Facilities	\$ 250,000	General Fund	\$ 250,000
Monroe Housing Facilities	350,000	Management Fees	350,000
Total	<u>\$ 600,000</u>	Total	<u>\$ 600,000</u>

The purpose of the interfund transfer was to transfer excess reserves from the management fee fund and central office cost center to the housing facilities trust for future low income housing.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation At June 30, 2014, the Housing Authority was involved in various litigation. It is the opinion of the legal advisor of the Housing Authority that this litigation would not have a material effect on the financial statements.

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

Construction Projects There are certain construction projects in progress at June 30, 2014. These include modernizing rental units at six of the projects. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred. The capital funds 2013 and 2014 are currently open construction projects. The total contracts open at June 30, 2014 were \$4,459,605 in which \$1,043,985 were outstanding commitments at June 30, 2014.

NOTE 13 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance through the Louisiana Housing Council Authorities Group Self-Insurance Trust. This self-insurance program is a public entity risk pool, which has been approved by both the State of Louisiana Insurance Commission and the Department of Housing and Urban Development. The Trust operates as any other commercial insurance company. Five insurance companies currently share the excess coverage insurance. No additional assessments can be made against the Housing Authority. The Housing Authority is responsible only for the premium payments. The current policy limits on most commercial coverage has been in effect for multiple years. Settled claims have not exceeded commercial excess coverage in any of the last three years.

NOTE 14 - ECONOMIC DEPENDENCE Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 280-10-50-42 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 \$13,555,709 to the Housing Authority, which represents approximately 71% of the Housing Authority's total revenue for the year.

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2014

NOTE 15 - OPERATING LEASE The Housing Authority leases two copiers under noncancelable operating leases. Total costs for such leases were \$6,009 for the year ended June 30, 2014. The minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 6,009
2016	6,009
2017	5,007
Total	<u>\$ 17,025</u>

NOTE 16 - INSURANCE PROCEEDS In the fiscal year ending June 30, 2014 the Housing Authority received \$37,019 in insurance proceeds for damage to public housing units which is classified as other income in the statement of revenues, expenses and changes in fund net position.

NOTE 17 - SUBSEQUENT EVENTS In July 2014 and October 2014, the Housing Authority accepted bids totaling \$970,700 for roof replacements at Burg Jones and kitchen and bath renovations at Burg Jones.

Additionally, the Housing Authority is applying for the Operating Fund Financing Program (OFFP).

NOTE 18 - RESERVES HELD WITH HUD Due to HUD operating the Section 8 Housing Choice Voucher Program under cash management, HUD maintains reserves for the Housing Authority that have not been utilized. As of June 30, 2014, the Housing Authority had \$529,581 in HUD-Held Reserves.

**Housing Authority of the City of Monroe
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2014**

Exhibit 1

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

Dr. Henry Bonner, Jr.

Mr. Joe Farr, Chairman

Mr. Joseph Miller

Mr. Hal Hinchliffe, Vice Chairman

Ms. Roxie Jackson

Housing Authority of the City of Monroe
Financial Data Schedule - Balance Sheet
As of and For the Year Ended June 30, 2014

Submission Type: Audited/A-133

	Project Total	14.DVP Disaster Voucher Program	14.IKE DHAP-IKE	14.870 Resident Opportunity and Supportive Services
111 Cash - Unrestricted	\$5,310,748	\$45,860	\$156,120	\$334
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$340,411			
100 Total Cash	\$5,651,159	\$45,860	\$156,120	\$334
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$586,666			\$19,666
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$45,458			
126.1 Allowance for Doubtful Accounts - Tenants	-\$7,544			
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$13,773			
128.1 Allowance for Doubtful Accounts - Fraud	-\$12,394			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$625,959	\$0	\$0	\$19,666
131 Investments - Unrestricted	\$2,849,968			
132 Investments - Restricted				
142 Prepaid Expenses and Other Assets	\$100			
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
150 Total Current Assets	\$9,127,186	\$45,860	\$156,120	\$20,000
161 Land	\$2,071,654			
162 Buildings	\$86,757,681			
163 Furniture, Equipment & Machinery - Dwellings	\$1,139,997			
164 Furniture, Equipment & Machinery - Administration	\$908,829			
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$60,035,766			
167 Construction in Progress	\$3,415,621			
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$34,258,016	\$0	\$0	\$0

Exhibit 2

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	8 Other Federal Program 1	1 Business Activities	COCC	Subtotal	ELIM	Total
\$167,153	\$10,992	\$81,051	\$29	\$5,662,029	\$287,930	\$11,722,246		\$11,722,246
\$52,746						\$52,746		\$52,746
						\$340,411		\$340,411
\$219,899	\$10,992	\$81,051	\$29	\$5,662,029	\$287,930	\$12,115,403	\$0	\$12,115,403
			\$22,164			\$628,496		\$628,496
\$10,000				\$0	\$150,846	\$160,846		\$160,846
						\$45,458		\$45,458
						-\$7,544		-\$7,544
\$0			\$0	\$0	\$0	\$0		\$0
				\$29,920		\$29,920		\$29,920
\$110,834						\$124,607		\$124,607
-\$36,575						-\$48,969		-\$48,969
\$84,259	\$0	\$0	\$22,164	\$29,920	\$150,846	\$932,814	\$0	\$932,814
				\$1,413,944	\$1,380,592	\$5,644,504		\$5,644,504
\$3,326					\$229,143	\$232,569		\$232,569
					\$7,106	\$7,106		\$7,106
					\$0	\$0		\$0
				\$10,745	\$342,700	\$353,445	-\$20,000	\$333,445
\$307,484	\$10,992	\$81,051	\$22,193	\$7,116,638	\$2,398,317	\$19,285,841	-\$20,000	\$19,265,841
						\$2,071,654		\$2,071,654
				\$1,436,834		\$88,194,515		\$88,194,515
						\$1,139,997		\$1,139,997
\$163,425				\$17,965	\$551,648	\$1,641,867		\$1,641,867
-\$136,295				-\$528,504	-\$299,626	-\$61,000,191		-\$61,000,191
						\$3,415,621		\$3,415,621
\$27,130	\$0	\$0	\$0	\$926,295	\$252,022	\$35,463,463	\$0	\$35,463,463

(Continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Balance Sheet
As of and For the Year Ended June 30, 2014

Submission Type: Audited/A-133

	Project Total	14.DVP Disaster Voucher Program	14.IKE DHAP-IKE	14.870 Resident Opportunity and Supportive Services
171 Notes, Loans and Mortgages Receivable - Non-Current				
180 Total Non-Current Assets	\$34,258,016	\$0	\$0	\$0
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$43,385,202	\$45,860	\$156,120	\$20,000
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$21,301			
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$26,892			
322 Accrued Compensated Absences - Current Portion	\$95,103			
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$361,411			
341 Tenant Security Deposits	\$340,411			
342 Unearned Revenue	\$11,644			
345 Other Current Liabilities	\$624,827			
346 Accrued Liabilities - Other				
347 Inter Program - Due To				\$20,000
310 Total Current Liabilities	\$1,481,589	\$0	\$0	\$20,000
354 Accrued Compensated Absences - Non Current	\$212,302			
350 Total Non-Current Liabilities	\$212,302	\$0	\$0	\$0
300 Total Liabilities	\$1,693,891	\$0	\$0	\$20,000
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$34,258,016			
511.4 Restricted Net Position				
512.4 Unrestricted Net Position	\$7,433,295	\$45,860	\$156,120	\$0
513 Total Equity - Net Assets / Position	\$41,691,311	\$45,860	\$156,120	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$43,385,202	\$45,860	\$156,120	\$20,000

Exhibit 2

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	8 Other Federal Program 1	1 Business Activities	COCC	Subtotal	ELIM	Total
				\$482,694		\$482,694		\$482,694
\$27,130	\$0	\$0	\$0	\$1,408,989	\$252,022	\$35,946,157	\$0	\$35,946,157
\$334,614	\$10,992	\$81,051	\$22,193	\$8,525,627	\$2,650,339	\$55,231,998	-\$20,000	\$55,211,998
\$13,266					\$1,554	\$36,121		\$36,121
\$8,008					\$29,537	\$64,437		\$64,437
\$41,573					\$220,964	\$357,640		\$357,640
			\$0			\$0		\$0
\$881						\$362,292		\$362,292
						\$340,411		\$340,411
\$5,277						\$16,921		\$16,921
\$33,938						\$658,765		\$658,765
\$300,000			\$22,700		\$10,745	\$353,445	-\$20,000	\$333,445
\$402,943	\$0	\$0	\$22,700	\$0	\$262,800	\$2,190,032	-\$20,000	\$2,170,032
\$190,131					\$945,575	\$1,348,008		\$1,348,008
\$190,131	\$0	\$0	\$0	\$0	\$945,575	\$1,348,008	\$0	\$1,348,008
\$593,074	\$0	\$0	\$22,700	\$0	\$1,208,375	\$3,538,040	-\$20,000	\$3,518,040
\$27,130				\$926,295	\$252,022	\$35,463,463		\$35,463,463
\$18,807						\$18,807		\$18,807
-\$304,397	\$10,992	\$81,051	-\$507	\$7,599,332	\$1,189,942	\$16,211,688		\$16,211,688
-\$258,460	\$10,992	\$81,051	-\$507	\$8,525,627	\$1,441,964	\$51,693,958	\$0	\$51,693,958
\$334,614	\$10,992	\$81,051	\$22,193	\$8,525,627	\$2,650,339	\$55,231,998	-\$20,000	\$55,211,998

(Continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Income Statement
As of and For the Year Ended June 30, 2014

Submission Type: Audited/A-133

	Project Total	14.DVP Disaster Voucher Program	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
70300 Net Tenant Rental Revenue	\$3,964,000			
70400 Tenant Revenue - Other	\$323,485			
70500 Total Tenant Revenue	\$4,287,485	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$4,706,144		\$2,615	\$114,296
70610 Capital Grants	\$1,732,105			
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
71100 Investment Income - Unrestricted	\$16,403			
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$80,481			
71500 Other Revenue	\$175,693			
71600 Gain or Loss on Sale of Capital Assets	\$2,620			
72000 Investment Income - Restricted				
70000 Total Revenue	\$11,000,931	\$0	\$2,615	\$114,296
91100 Administrative Salaries	\$400,088			\$66,411
91200 Auditing Fees	\$34,359			
91300 Management Fee	\$1,001,739			
91310 Book-keeping Fee	\$135,188			
91400 Advertising and Marketing	\$19,966			
91500 Employee Benefit contributions - Administrative	\$144,253			\$21,125
91600 Office Expenses	\$102,124			\$11,165
91700 Legal Expense	\$4,776			
91800 Travel	\$4,339			\$3,620
91900 Other	\$118,010			
91000 Total Operating - Administrative	\$1,964,842	\$0	\$0	\$102,321
92000 Asset Management Fee	\$182,130			

Exhibit 2

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	8 Other Federal Program 1	1 Business Activities	COCC	Subtotal	ELIM	Total
						\$3,964,000		\$3,964,000
						\$323,485		\$323,485
\$0	\$0	\$0	\$0	\$0	\$0	\$4,287,485	\$0	\$4,287,485
\$6,899,447			\$101,102			\$11,823,604		\$11,823,604
						\$1,732,105		\$1,732,105
					\$1,172,340	\$1,172,340	-\$994,369	\$177,971
					\$182,130	\$182,130	-\$182,130	\$0
					\$224,173	\$224,173	-\$135,188	\$88,985
					\$1,578,643	\$1,578,643	-\$1,311,687	\$266,956
\$500				\$20,714	\$5,667	\$43,284		\$43,284
\$93,926						\$174,407		\$174,407
\$65,622				\$401,977	\$718,113	\$1,361,405	-\$560,396	\$801,009
\$4,650					\$3,320	\$10,590		\$10,590
\$27						\$27		\$27
\$7,064,172	\$0	\$0	\$101,102	\$422,691	\$2,305,743	\$21,011,550	-\$1,872,083	\$19,139,467
\$337,968			\$4,035	\$45,102	\$790,805	\$1,644,409		\$1,644,409
\$10,620					\$5,241	\$50,220		\$50,220
\$177,970						\$1,179,709	-\$994,369	\$185,340
\$88,985						\$224,173	-\$135,188	\$88,985
\$385					\$2,177	\$22,528		\$22,528
\$113,610			\$1,329	\$9,764	\$277,053	\$567,134		\$567,134
\$93,794			\$2,195	\$53	\$108,027	\$317,358		\$317,358
\$306				\$14,164	\$11,640	\$30,886		\$30,886
\$1,324			\$336		\$18,660	\$28,279		\$28,279
\$30,397				\$9,586	\$45,848	\$203,841		\$203,841
\$855,359	\$0	\$0	\$7,895	\$78,669	\$1,259,451	\$4,268,537	-\$1,129,557	\$3,138,980
						\$182,130	-\$182,130	\$0

(Continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Income Statement
As of and For the Year Ended June 30, 2014

Submission Type: Audited/A-133

	Project Total	14.DVP Disaster Voucher Program	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
92100 Tenant Services - Salaries				
92400 Tenant Services - Other	\$91,995			\$11,975
92500 Total Tenant Services	\$91,995	\$0	\$0	\$11,975
93100 Water	\$30,638			
93200 Electricity	\$257,364			
93300 Gas	\$74,452			
93600 Sewer	\$25,840			
93000 Total Utilities	\$388,294	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$518,061			
94200 Ordinary Maintenance and Operations - Materials and Other	\$601,391			
94300 Ordinary Maintenance and Operations Contracts	\$1,883,323			
94500 Employee Benefit Contributions - Ordinary Maintenance	\$218,185			
94000 Total Maintenance	\$3,220,960	\$0	\$0	\$0
95100 Protective Services - Labor	\$61,803			
95200 Protective Services - Other Contract Costs	\$78,370			
95300 Protective Services - Other	\$13,292			
95500 Employee Benefit Contributions - Protective Services	\$4,818			
95000 Total Protective Services	\$158,283	\$0	\$0	\$0
96110 Property Insurance	\$171,776			
96120 Liability Insurance	\$99,137			
96130 Workmen's Compensation	\$23,922			
96140 All Other Insurance				
96100 Total insurance Premiums	\$294,835	\$0	\$0	\$0
96200 Other General Expenses				
96210 Compensated Absences	\$169,666			
96300 Payments in Lieu of Taxes	\$361,411			
96400 Bad debt - Tenant Rents	\$152,149			
96000 Total Other General Expenses	\$683,226	\$0	\$0	\$0
96900 Total Operating Expenses	\$6,984,565	\$0	\$0	\$114,296

Exhibit 2

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	8 Other Federal Program 1	1 Business Activities	COCC	Subtotal	ELIM	Total
				\$13,309		\$117,279		\$117,279
\$0	\$0	\$0	\$0	\$13,309	\$0	\$117,279	\$0	\$117,279
				\$1,703	\$679	\$33,020		\$33,020
				\$10,748	\$3,741	\$271,853		\$271,853
				\$1,646	\$2,121	\$78,219		\$78,219
				\$188	\$841	\$26,869		\$26,869
\$0	\$0	\$0	\$0	\$14,285	\$7,382	\$409,961	\$0	\$409,961
				\$1,471	\$319,021	\$838,553		\$838,553
\$3,551				\$2,133	\$71,289	\$678,364		\$678,364
\$26,959				\$13,675	\$46,590	\$1,970,547	-\$560,396	\$1,410,151
				\$120	\$125,097	\$343,402		\$343,402
\$30,510	\$0	\$0	\$0	\$17,399	\$561,997	\$3,830,866	-\$560,396	\$3,270,470
						\$61,803		\$61,803
						\$78,370		\$78,370
						\$13,292		\$13,292
						\$4,818		\$4,818
\$0	\$0	\$0	\$0	\$0	\$0	\$158,283	\$0	\$158,283
				\$2,815	\$17,327	\$191,918		\$191,918
\$5,489				\$1,623	\$10,002	\$116,251		\$116,251
\$6,919					\$26,950	\$57,791		\$57,791
\$12,408	\$0	\$0	\$0	\$4,438	\$54,279	\$365,960	\$0	\$365,960
\$726				\$48,614	\$0	\$49,340		\$49,340
\$18,738					\$190,442	\$378,846		\$378,846
						\$361,411		\$361,411
						\$152,149		\$152,149
\$19,464	\$0	\$0	\$0	\$48,614	\$190,442	\$941,746	\$0	\$941,746
\$917,741	\$0	\$0	\$7,895	\$176,714	\$2,073,551	\$10,274,762	-\$1,872,083	\$8,402,679

(Continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Income Statement
As of and For the Year Ended June 30, 2014

Submission Type: Audited/A-133

	Project Total	14.DVP Disaster Voucher Program	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
97000 Excess of Operating Revenue over Operating Expenses	\$4,016,366	\$0	\$2,615	\$0
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$3,574,501			
97500 Fraud Losses				
90000 Total Expenses	\$10,559,066	\$0	\$0	\$114,296
10010 Operating Transfer In	\$400,000			
10020 Operating transfer Out	-\$400,000			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$441,865	\$0	\$2,615	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$41,249,446	\$45,860	\$153,505	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	18202			
11210 Number of Unit Months Leased	18025			
11270 Excess Cash	\$7,087,431			
11610 Land Purchases	\$8,750			
11620 Building Purchases	\$3,415,621			
11630 Furniture & Equipment - Dwelling Purchases	\$0			
11640 Furniture & Equipment - Administrative Purchases	\$29,072			
11650 Leasehold Improvements Purchases	\$0			

Exhibit 2

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	8 Other Federal Program 1	1 Business Activities	COCC	Subtotal	ELIM	Total
\$6,146,431	\$0	\$0	\$93,207	\$245,977	\$232,192	\$10,736,788	\$0	\$10,736,788
\$6,601,591			\$93,714			\$6,695,305		\$6,695,305
\$54,341						\$54,341		\$54,341
\$11,847				\$94,339	\$40,781	\$3,721,468		\$3,721,468
\$7,585,520	\$0	\$0	\$101,609	\$271,053	\$2,114,332	\$20,745,876	-\$1,872,083	\$18,873,793
				\$250,000		\$650,000	-\$400,000	\$250,000
					-\$250,000	-\$650,000	\$400,000	-\$250,000
\$0	\$0	\$0	\$0	\$250,000	-\$250,000	\$0	\$0	\$0
-\$521,348	\$0	\$0	-\$507	\$401,638	-\$58,589	\$265,674	\$0	\$265,674
\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
\$262,888	\$10,992	\$81,051	\$0	\$8,123,989	\$1,500,553	\$51,428,284		\$51,428,284
						\$0		\$0
-\$277,267						-\$277,267		-\$277,267
\$18,807						\$18,807		\$18,807
18576			293			37071		37071
17843			293			36161		36161
						\$7,087,431		\$7,087,431
					\$0	\$8,750		\$8,750
					\$0	\$3,415,621		\$3,415,621
					\$0	\$0		\$0
					\$89,291	\$118,363		\$118,363
					\$0	\$0		\$0

(Concluded)

HOUSING AUTHORITY OF THE CITY OF MONROE

ACTUAL CAPITAL FUND
COST CERTIFICATE - CFP
June 30, 2014

Exhibit 3

1. The actual Capital Fund costs is as follows:

	<u>PROJECT</u> <u>LA-48P006501-11</u>
Funds Approved	\$ 2,430,546
Funds Expended	<u>2,430,546</u>
Excess of Funds Approved	<u><u>-</u></u>
Funds Advanced	2,430,546
Funds Expended	<u>2,430,546</u>
Excess of Funds Advanced	<u><u>\$ -</u></u>

2. The distribution of costs by project as shown on the final schedule of Capital Fund expenditures dated March 11, 2014, accompanying the actual Capital Fund cost certificate submitted to HUD for approval is in agreement with the PHA's records.

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

HOUSING AUTHORITY OF THE CITY OF MONROE

ACTUAL CAPITAL FUND
REVISED COST CERTIFICATE - CFP
June 30, 2014

Exhibit 4

1. The actual Capital Fund costs is as follows:

	PROJECT LA-48P006501-10
Funds Approved	\$ 2,835,571
Funds Expended	<u>2,835,571</u>
Excess of Funds Approved	<u><u>-</u></u>
Funds Advanced	2,835,571
Funds Expended	<u>2,835,571</u>
Excess of Funds Advanced	<u><u>\$ -</u></u>

2. The distribution of costs by project as shown on the final schedule of Capital Fund expenditures dated March 18, 2014, accompanying the actual Capital Fund cost certificate submitted to HUD for approval is in agreement with the PHA's records.

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

Housing Authority of the City of Monroe

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STATISTICAL SECTION

**Housing Authority of the City of Monroe
Statistical Section
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Revenue Capacity		
This schedule contains information to help the reader assess the Housing Authority's most significant revenue source.		
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Demographic and Economic Information		
This schedule offers demographic and economic indicators to help the reader understand the environment within which the Housing Authority's financial activities take place.		
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Operating Information		
This schedule contains service and infrastructure data to help the reader understand how the information in the Housing Authority's financial report relates to the services the Housing Authority provides and the activities it performs.		
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HOUSING AUTHORITY OF THE CITY OF MONROE

Net Position by Component
 Fiscal Years Ended June 30, 2005 through June 30, 2014
 (Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net investment in capital assets	\$ 30,362,037	\$ 29,932,342	\$ 31,382,733	\$ 28,983,087	\$ 30,855,318	\$ 31,420,632	\$ 33,885,659	\$ 36,731,313	\$ 35,644,380	\$ 35,463,463
Restricted	854,931	881,322	924,004	1,025,137	525,379	703,543	607,284	356,954	407,318	18,807
Unrestricted	4,890,489	5,382,429	5,713,630	8,243,199	10,229,171	12,261,649	14,312,114	13,350,060	15,376,586	16,211,688
Total net position	<u>\$ 36,107,457</u>	<u>\$ 36,196,093</u>	<u>\$ 38,020,367</u>	<u>\$ 38,251,423</u>	<u>\$ 41,609,868</u>	<u>\$ 44,385,824</u>	<u>\$ 48,805,057</u>	<u>\$ 50,438,327</u>	<u>\$ 51,428,284</u>	<u>\$ 51,693,958</u>

HOUSING AUTHORITY OF THE CITY OF MONROE

Changes in Net Position
Fiscal Years Ended June 30, 2005 through June 30, 2014
(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues										
Dwelling rental	\$ 2,823,398	\$ 2,841,760	\$ 2,807,100	\$ 3,164,386	\$ 3,211,979	\$ 3,388,086	\$ 3,349,432	\$ 3,395,763	\$ 3,598,384	\$ 3,964,000
Other	679,279	572,762	634,857	802,952	1,302,917	1,119,251	1,228,055	1,458,192	1,635,189	1,565,857
Federal grants	8,141,550	8,927,213	9,425,662	10,750,048	11,666,276	12,374,005	12,685,295	12,281,784	11,902,646	11,823,604
Total operating revenues	<u>11,644,227</u>	<u>12,341,735</u>	<u>12,867,619</u>	<u>14,717,386</u>	<u>16,181,172</u>	<u>16,881,342</u>	<u>17,262,782</u>	<u>17,135,739</u>	<u>17,136,219</u>	<u>17,353,461</u>
Operating Expenses										
Administration	2,101,573	2,379,995	2,382,853	2,635,568	2,542,052	3,530,597	3,248,924	2,919,618	3,048,675	3,138,980
Tenant services	265,149	348,551	384,774	215,115	225,417	81,529	66,246	111,297	63,897	117,279
Utilities	374,904	428,884	396,921	433,830	410,348	359,819	393,963	352,448	359,075	409,961
Ordinary maintenance & operations	1,839,019	1,881,640	2,085,887	2,124,954	2,391,345	2,440,800	2,852,076	3,216,455	3,195,123	3,270,470
Protective services	56,889	61,372	80,550	68,711	65,809	73,265	143,627	164,820	166,129	158,283
General expenses	730,908	666,568	667,092	896,368	1,410,402	1,292,643	1,306,456	1,259,721	1,129,036	1,307,706
Housing assistance payments	6,081,456	6,180,218	6,039,930	6,020,167	6,249,980	6,527,216	6,633,258	7,079,337	7,015,090	6,749,646
Nonroutine maintenance	3,471	14,592	42,608	29,342	45,717	0	0	0	0	0
Depreciation	2,555,236	2,692,332	2,723,296	2,843,882	3,119,499	3,182,945	3,393,658	3,590,084	3,667,184	3,721,468
Total operating expenses	<u>14,008,605</u>	<u>14,654,152</u>	<u>14,803,911</u>	<u>15,267,937</u>	<u>16,460,569</u>	<u>17,488,814</u>	<u>18,038,208</u>	<u>18,693,780</u>	<u>18,644,209</u>	<u>18,873,793</u>
Income (Loss) from Operations	<u>(2,364,378)</u>	<u>(2,312,417)</u>	<u>(1,936,292)</u>	<u>(550,551)</u>	<u>(279,397)</u>	<u>(607,472)</u>	<u>(775,426)</u>	<u>(1,558,041)</u>	<u>(1,507,990)</u>	<u>(1,520,332)</u>
Nonoperating Revenues (Expenses)										
Investment earnings	17,866	236,936	338,999	451,495	260,072	115,285	77,766	50,493	52,697	43,311
Gain (loss) on sale of equipment	0	0	(1,003)	(15,979)	(5,767)	11,515	0	8,965	0	10,590
Total nonoperating revenues (expenses)	<u>17,866</u>	<u>236,936</u>	<u>337,996</u>	<u>435,516</u>	<u>254,305</u>	<u>126,800</u>	<u>77,766</u>	<u>59,458</u>	<u>52,697</u>	<u>53,901</u>
Net Income (Loss) before Contributions and Transfers	<u>(2,346,512)</u>	<u>(2,075,481)</u>	<u>(1,598,296)</u>	<u>(115,035)</u>	<u>(25,092)</u>	<u>(480,672)</u>	<u>(697,660)</u>	<u>(1,498,583)</u>	<u>(1,455,293)</u>	<u>(1,466,431)</u>
Capital Contributions	1,401,595	2,164,117	3,922,570	346,091	3,383,537	3,315,383	5,116,893	3,234,170	2,445,250	1,732,105
Special items	0	0	(500,000)	0	0	0	0	0	0	0
Change in Net Position	<u>\$ (944,917)</u>	<u>\$ 88,636</u>	<u>\$ 1,824,274</u>	<u>\$ 231,056</u>	<u>\$ 3,358,445</u>	<u>\$ 2,834,711</u>	<u>\$ 4,419,233</u>	<u>\$ 1,735,587</u>	<u>\$ 989,957</u>	<u>\$ 265,674</u>

HOUSING AUTHORITY OF THE CITY OF MONROE

General Fund Revenues by Source
Fiscal Years Ended June 30, 2005 Through 2014

Fiscal Year	Dwelling rentals		Federal sources (2)		Interest earnings		Other (1)		Total	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
2005	\$ 2,823,398	60.23%	\$ 1,377,018	29.38%	\$ 47,935	1.02%	\$ 439,042	9.37%	\$ 4,687,393	100%
2006	2,841,760	57.27%	1,676,316	33.78%	140,648	2.83%	303,254	6.11%	4,961,978	100%
2007	2,807,100	49.54%	2,267,397	40.02%	218,595	3.86%	372,783	6.58%	5,665,875	100%
2008	3,164,386	41.37%	3,754,375	49.09%	182,351	2.38%	546,972	7.15%	7,648,084	100%
2009	3,211,979	35.38%	4,809,740	52.98%	59,931	0.66%	997,020	10.98%	9,078,670	100%
2010	3,388,086	37.12%	4,883,093	53.51%	97,692	1.07%	757,291	8.30%	9,126,162	100%
2011	3,349,432	35.83%	5,118,704	54.76%	74,977	0.80%	805,128	8.61%	9,348,241	100%
2012	3,395,763	37.48%	4,613,406	50.92%	43,388	0.48%	1,007,068	11.12%	9,059,625	100%
2013	3,598,384	41.17%	4,143,185	47.41%	32,887	0.38%	965,163	11.04%	8,739,619	100%
2014	3,964,000	40.38%	4,820,440	49.10%	22,070	0.22%	1,010,272	10.29%	9,816,782	100%

(1) The other amount column includes maintenance charges, late charges, other miscellaneous revenue and gain on sale of capital assets.

(2) The federal sources do not include capital contributions.

Source: Comprehensive Annual Financial Reports of the Housing Authority of the City of Monroe.

HOUSING AUTHORITY OF THE CITY OF MONROE

Tenant Demographics:
Occupancy Ratios by Program
Fiscal Years Ended June 30, 2005 Through 2014

Fiscal Year	General Fund			Section 8 Program			Total		
	Number of Units	Average occupied units	Occupied ratio	Number of units	Average occupied units	Occupied ratio	Number of Units	Average occupied units	Occupied ratio
2005	1,518	1,423	93.74%	1,491	1,425	95.57%	3,009	2,848	94.65%
2006	1,518	1,414	93.15%	1,471	1,404	95.45%	2,989	2,818	94.28%
2007	1,518	1,384	91.17%	1,469	1,401	95.37%	2,987	2,785	93.24%
2008	1,518	1,479	97.43%	1,510	1,498	99.21%	3,028	2,977	98.32%
2009	1,518	1,419	93.48%	1,520	1,506	99.08%	3,038	2,925	96.28%
2010	1,522	1,447	95.07%	1,537	1,520	98.89%	3,059	2,967	96.99%
2011	1,522	1,454	95.53%	1,545	1,497	96.89%	3,067	2,951	96.22%
2012	1,522	1,455	95.62%	1,546	1,530	98.95%	3,068	2,985	97.30%
2013	1,522	1,486	97.63%	1,547	1,514	97.87%	3,069	3,000	97.75%
2014	1,518	1,502	98.95%	1,548	1,487	96.06%	3,066	2,989	97.49%

Table 5

**HOUSING AUTHORITY OF THE CITY OF MORNOE
Monroe, Louisiana**

**Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	51,914	4,687,014	90	6.4
2006	N/A	4,920,424	N/A	4.6
2007	51,555	5,092,604	99	5.6
2008	N/A	5,264,784	N/A	5.4
2009	51,208	5,610,656	110	9.0
2010	51,555	5,959,000	116	10.1
2011	48,815	6,098,000	125	10.5
2012	49,183	5,999,437	122	8.1
2013	49,156	6,012,791	122	7.5
2014	49,761	6,308,115	127	6.3

- (1) Population data obtained from U. S. Census Bureau.
- (2) Personal Income data obtained from www.bea.gov.
- (3) Unemployment rate obtained from U. S. Bureau of Labor Statistics.

Table 6

HOUSING AUTHORITY OF THE CITY OF MONROE
Monroe, Louisiana

Principal Employers

	2014			2009		
	<u>Rank</u>	<u>Number of Employees</u>	<u>% of Total Employment</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>% of Total Employment</u>
Quachita Parish School Board	1	2,999	3.69%			
Century Link (formerly known as CenturyTel)	2	2,300	2.83%	4	1,470	1.81%
St. Francis Medical Center	3	2,219	2.73%	2	1,600	1.97%
J.P. Morgan Chase	4	2,100	2.58%	1	1,800	2.22%
Monroe City School District	5	1,387	1.71%			
Graphic Packaging	6	1,167	1.44%	3	1,500	1.85%
City of Monroe	7	1,150	1.41%			
University of Louisiana at Monroe	8	1,061	1.31%			
Walmart	9	1,006	1.24%			
Glenwood Regional Medical Center	10	950	1.17%	6	950	1.17%
Foster Farms				4	1,100	1.36%
Entergy				8	470	0.58%
Bancroft Bag				9	450	0.55%
Berry Plastics Corporation (formerly Tyco)				10	420	0.52%
International Paper				7	600	0.74%

Source: Monroe Chamber of Commerce

Notes:

(1) Principal employers information was only available since 2009.

HOUSING AUTHORITY OF THE CITY OF MONROE

Property Characteristics and Dwelling Unit Composition
June 30, 2014

Project Number	Name of Development	Address	Year built or acquired	Bedroom Composition						Total	
				Zero	One	Two	Three	Four	Five		
LA006-001	Lock - Breece	306 Winnsboro Road	31-Oct-51		26	66	43	15		150	
LA006-002	Johnson-Carver Terrace	Texas Ave. (31 Carroll Dr.)	31-Mar-52		38	87	66	29	3	223	
LA006-005	Foster Heights	Swayze and Louberta Sts.	30-Sep-54		8	89	77	6	2	182	
LA006-006	Burg Jones Lane	2601 Burg Jones Lane	30-Jun-73		10	80	122	71	18	301	
LA006-009	Robinson Place	1207 Milliken Drive	30-Sep-73			28	78	68	37	211	
LA006-010	Miller Square	4200 Matthew Street	30-Apr-73				74	111	7	192	
LA006-011	Frances Tower	300 Harrison Street	31-Aug-78		129					129	
LA006-013	McKeen Plaza I	1500 McKeen Place	31-Jan-80		100					100	
LA006-014	Group Homes (scattered sites)	Scattered Sites	31-Aug-84						30	30	
Total Units					311	350	460	300	97	1,518	
Managed Units											
064-EH150	Ouachita Grand Plaza, Inc. (Mgr. Apt.)	501 South Grand	15-Jun-89		21	70				91	
064-EE037	Passman Plaza, Inc. (Mgr. Apt.)	230 DeSiard Plaza Dr., #101-141	1-Nov-96		40	1				41	
064-EE050	Passman Plaza II, Inc.	230 DeSiard Plaza Dr.	1-Nov-98		39					39	
Tax Credit Dev.	Passman Plaza III, Inc.	235 Lake Passman Dr.	1-Mar-08			60				60	
Tax Credit Dev.	Claiborne Creek Apartments, LP	200 Claiborne Dr., West Monroe	1-Oct-97		72					72	
Tax Credit Dev.	Claiborne Creek II, LP	200 Claiborne Dr., West Monroe	1-Oct-99		50	10				60	
Tax Credit Dev.	Chauvin Pointe I	325 Chauvin Pointe Drive, Monroe	1-Nov-01		24	50				74	
Tax Credit Dev.	Chauvin Pointe II	325 Chauvin Pointe Drive, Monroe	1-Apr-04		65					65	
064-EE100	South Pointe I (Mgr. Apt.)	100 South Pointe Drive, Monroe	1-May-02		36	1				37	
064-EE137	South Pointe II	100 South Pointe Drive, Monroe	1-Jun-04		44					44	
N/A	South Pointe III	100 South Pointe Drive, Monroe	1-Mar-10		36					36	
N/A	South Pointe IV	100 South Pointe Drive, Monroe	1-Jun-10			4				4	
N/A	Alabama Place	3202 Alabama, Monroe	1-Dec-12			16				16	
Total Managed Units					0	427	212	0	0	0	639

Source: Records of the Housing Authority of the City of Monroe.

Table 8

**HOUSING AUTHORITY OF THE CITY OF MONROE
Monroe, Louisiana**

**Government Employees
For Calendar Years 2013 and 2004**

	2013			2004		
	Full Time	Part Time	Total	Full Time	Part Time	Total
Administrative	36	13	49	34	5	39
Capital Fund	0	0	0	5	1	6
Maintenance	27	8	35	30	3	33
Security Attendants	0	12	12	0	16	16
Trash Pick-Up	0	5	5	0	6	6
Students	0	12	12	0	4	4
	63	50	113	69	35	104

Source: Records of the Housing Authority of the City of Monroe.

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

**Single Audit Report
For the Year Ended June 30, 2014**

Housing Authority of the City of Monroe
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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*

Independent Auditor's Report

Board Members
Housing Authority of the City of Monroe
Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of Housing Authority of the City of Monroe as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated March 10, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Housing Authority's Response to Findings

The Housing Authority's response to the findings identified in our audit are described in the accompanying Corrective Action Plan for Current Year Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 10, 2015



ALLEN, GREEN & WILLIAMSON, LLP

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Ernest L. Allen, CPA
(Retired) 1963 - 2000

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Board Members
Housing Authority of the City of Monroe
Monroe, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the City of Monroe's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal program for the year ended June 30, 2014. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

The Housing Authority's response to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan for Current Year Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-003, that we consider to be significant deficiencies.

The Housing Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan for Current Year Findings and Questioned Costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

We have audited the financial statements of each major fund of the Housing Authority, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements. We have issued our report thereon dated March 10, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
March 10, 2015

**Housing Authority of the City of Monroe
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

FEDERAL GRANTOR/ <u>PASS-THROUGH GRANTOR/PROGRAM NAME</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Housing and Urban Development			
Direct Programs			
Low Rent Public Housing	14.850	LA006(OFND)	\$ 4,418,415
Section 8 Housing Choice Voucher Program	14.871	LA006VO, LA006AF, LA006I2, LA006-IE	6,899,447
DHAP-IKE	14-IKE	NA	2,615
Resident Opportunity and Supportive Services	14.870	LA006RPS103A012	114,296
Continuum of Care	14.267	LA0158L6H051204 (SNAP)	101,102
Public Housing Capital Fund Program	14.872	LA48P006501-13, LA48P006501-14	<u>2,019,834</u>
Total Cash Federal Awards			<u><u>\$ 13,555,709</u></u>

Housing Authority of the City of Monroe
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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

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

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

<u>Federal Sources</u>	
Federal grants	\$ 11,823,604
Capital contributions	1,732,105
Total	<u><u>\$ 13,555,709</u></u>

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

NOTE 5 - MATCHING REVENUES For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**Housing Authority of the City of Monroe
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unmodified.
- ii. There were no significant deficiencies required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There was one instance of noncompliance as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There were two significant deficiencies required to be disclosed by OMB Circular A-133. These significant deficiencies were not considered to be material weaknesses.
- v. The type of report the auditor issued on compliance for major programs was unmodified.
- vi. The audit disclosed two audit findings which the auditor is required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal programs are:
 - CFDA# 14.850 Low Rent Public Housing
 - CFDA# 14.871 Section 8 Housing Choice Voucher Program
 - CFDA# 14.872 Public Housing Capital Project Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was \$406,671.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular A-133, Section .530.

**Housing Authority of the City of Monroe
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

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

Reference # and title: **2014-001** **Late Submission of Audit Report to Legislative Auditor**

Entity-wide or program/department specific: This finding is entity wide.

Criteria or specific requirement: The audit report should be filed timely to the Louisiana Legislative Auditors (LLA) within six months after year end, according to the Louisiana R.S. 24:513A (5) (a) (i).

Condition found: Due to the Housing Authority attempting to receive additional guidance from HUD, the Housing Authority did not submit the audited financials to the LLA by the required timeline of December 31, 2014.

Possible asserted effect (cause effect):

Cause: The Housing Authority and auditor had requested additional guidance on a compliance matter which caused additional time needed to complete the audit.

Effect: The Housing Authority did not meet the compliance requirements in accordance with the State of Louisiana.

Recommendations to prevent future occurrences: The Housing Authority should establish procedures to ensure the audit is completed in the required time frame.

View of Responsible Official: We understand the importance of filing timely reports with the Louisiana Legislative Auditors' Office. A question concerning the use of operating funds had to be resolved by HUD before it could be determined whether the work done should have been paid from capital funds or operating funds. HUD representatives were not in complete accord. As soon as the question was resolved by HUD, the cause for delay no longer existed. The circumstances causing the delay was unique, and a recurrence of the problem is not foreseeable.

**Housing Authority of the City of Monroe
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

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

Reference # and title: 2014-002 Public Housing Disbursements

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTEE/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Low Rent Public Housing	14.850	2014

Criteria or specific requirement: In accordance with 24 CFR part 990 the Housing Authority must establish a COCC to account for non-project specific costs and charge each project for indirect costs based on a fee-for-service approach. 24 CFR part 990.282(c) gives guidelines for reasonableness of allocations of indirect costs.

PIH notice 2012-2 of January 20, 2012 allowed the use of the portion operating reserves above the HUD recommended minimum operating reserve levels for capital improvements, excluding large modernization projects. PIH notice 2012-2 further stated that all operating reserves used for capital improvements had to be obligated by September 30, 2012. However, HUD extended the obligation deadline in PIH notice 2012-43 to March 31, 2013. Otherwise, the Housing Authority would be required to use the Operating Fund Financing Program (OFFP) for such expenditures.

Condition found: In testing eighteen payroll disbursements, it was noted that two employees are being allocated to various programs. However based on the activities of these employees and per HUD’s handbook 7475.1Rev in the Chapter 7 these employees should be charged to COCC rather than to the Public Housing program due to the Housing Authority utilizing a central maintenance system. These employees report directly to the central maintenance staff and not to the AMPs.

In testing sixteen vendor disbursements, the following exceptions were noted:

- One disbursement did not have adequate documentation for the allocation method to be charged to the program.
- Five disbursements related to construction work performed using Public Housing operating reserves. Although the Housing Authority believed they received proper approval for these modernization projects, these contracts were not obligated until September 2013.

In light of the situation, the Housing Authority is working with HUD on this matter.

Possible asserted effect (cause effect):

Cause: The auditor was unable to determine the cause regarding allocation. However, for the use of the operating reserves, the Housing Authority believed they had received proper approval from HUD for the modernization that occurred.

Effect: The Housing Authority did not meet the federal requirement related to allowable costs and special tests and provisions for the disbursements noted above.

Recommendations to prevent future occurrences: The Housing Authority should develop written procedures for allocation methods and these methods should be reviewed annually. Additionally, the Housing Authority should have adequate procedures in place to ensure monies are being used in accordance with HUD guidelines.

**Housing Authority of the City of Monroe
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2014**

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

View of Responsible Official: Adequate documentation is referring to how the audit costs were allocated. The Central Office Cost Center’s portion of total expenditures for the previous fiscal year was approximately 10% of total expenditures. This was the cost allocated to the COCC. The Housing Choice Voucher Program expenditures accounted for approximately 39% of total expenditures. However, due to the already negative unrestricted equity balance, 39% of audit costs were determined to be too much of the costs for this program to bear. In addition, we took into account the number of AMP’s and the oversight involved with administering the Low Rent Public Housing Program. We feel that the allocation given to these programs was fair and equitable. We will require that future billings for audit expense reflect the amount of work done per program. Our allocation will then reflect exact costs to the programs.

Public housing operating reserves were used to replace windows in properties that were over 60 years old with much needed energy efficient windows. These window replacements were considered to be a legitimate expense that could be paid for with operating reserves. Housing authorities have been encouraged for many years to emphasize energy conservation. Before obligating funds for this purpose, MHA consulted Jim Rountree, Housing Authority attorney, and the New Orleans HUD office which expressed approval by email. We also considered the fact that these window replacements will benefit the residents with lower utility bills and benefit HUD with lower subsidy requests. We made certain that our remaining reserves would be at or above the minimum level recommended by HUD after completion of these contracts. We consider these window replacements to be an extraordinary maintenance expense which is allowed to be paid for with operating reserves and not a capital expense item which increases property value.

The two employees in question routinely perform work on site of the various amps. Monroe Housing Authority takes great pride in maintaining our properties in the highest level. To accomplish that, these employees conduct regular inspections of the properties. They then create work orders for deficiencies found and follow up to see that the work orders are completed. Their salary has been allocated according to the time sheets that they have turned in reflecting the time worked at the various AMPS. Using this method, the AMPS were expensed for the actual costs. Going forward, all of their time will be charged to the central office cost centers. AMPS will be charged a fee based on work orders that will be created for their work that is done at the various properties.

Reference # and title: 2014-003 Test of the Waiting List and New Move-ins

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Public and Indian Housing Program	14.850	2014

Criteria or specific requirement: Applicants on the waiting list should be selected in order of their position on the waiting list. Preferences reflected on the waiting list should be in accordance with the Housing Authority’s admission policy. Applicants on the top of the waiting list should be offered the opportunity to move in before applicants on the bottom of the waiting list. Any variation from this selection procedure should be properly documented in the tenant’s file. Additionally, in accordance with PIH Notice 2010-19, the Housing Authority is required to run an income verification using the EIV system within 120 days from the PIC submission date to ensure all income was properly reported.

**Housing Authority of the City of Monroe
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

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

Condition found: While performing tests over the waiting list, it was noted that the Housing Authority’s software was not ranking applicants on the waiting list per the Housing Authority’s admission policy for those applicants that were reflecting a preference. Additionally, it was noted that the Housing Authority is not performing the EIV system verification within the required 120 days deadline for those individuals that have moved onto the program.

Possible asserted effect (cause effect):

Cause: The auditor was unable to determine the cause.

Effect: The Housing Authority may not be meeting all federal requirements in regards to special tests and provisions relating to the waiting list and tenant admissions.

Recommendations to prevent future occurrences: The Housing Authority should establish procedures to ensure that applicants on the waiting list are being ranked based on the Housing Authority’s policy. Additionally, the Housing Authority should establish quality control procedures to ensure that the EIV system is reviewed for all new move-ins by the required date.

View of Responsible Official: We were not aware that our software was not retaining the sorting order as we had set it according to our policy. We are monitoring the sorting order to ensure that the settings are retained. In addition, we have a ticket (#158013) to the software vendor regarding this problem.

EIV verification has been performed at move-in. Our managers have been notified of the necessity of verifying this information again within 120 days of actual move-in.

Housing Authority of the City of Monroe

OTHER INFORMATION

Housing Authority of the City of Monroe
Summary Status Of Prior Year Audit Findings and Questioned Costs
For the Year Ended June 30, 2014

Reference # and title: **2013-001** **Section 8 Utility Allowance**

Origination Date: This finding originated fiscal year ended June 30, 2012.

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME		
United States Department of Housing and Urban Development Section 8 Housing Choice Vouchers	14.871	2013

Condition: In accordance with 24 CFR 982.517(C)(1) a Housing Authority must review its schedule of utility allowances each year, and must revise its allowance for a utility category if there has been a change of 10% or more in the utility rate since the last time the utility allowance schedule has been revised. The Housing Authority must maintain information supporting its annual review of utility allowances and any revisions made in its utility allowance schedule.

It was noted in testing the utility allowance study, completed in the current year, there were changes greater than 10% in the utility rates for a utility category. However, the changes were not reflected in the utility allowance schedule.

Corrective action taken: The spreadsheet documenting changes in utilities was corrected in August. New move-ins were given the correct utility allowance. Letters were mailed to existing residents informing them of the corrected utility allowances that would be implemented beginning October 1, 2013. Future steps will include a quality assurance review by at least two other staff members. This finding is considered cleared.

**Housing Authority of the City of Monroe
 Corrective Action Plan for the Current Year Findings and Questioned Costs
 For the Year Ended June 30, 2014**

Reference # and title: **2014-001** **Late Submission of Audit Report of Legislative Auditor**

Entity-wide or program/department specific: This finding is entity wide.

Condition: The audit report should be filed timely to the Louisiana Legislative Auditors (LLA) within six months after year end, according to the Louisiana R.S. 24:513A (5) (a) (i).

Due to the Housing Authority attempting to receive additional guidance from HUD, the Housing Authority did not submit the audited financials to the LLA by the required timeline of December 31, 2014.

Corrective action planned: A question concerning the use of operating funds had to be resolved by HUD before it could be determined whether the work done should have been paid from capital funds or operating funds. HUD representatives were not in complete accord. As soon as the question was resolved by HUD, the cause for delay no longer existed. The circumstances causing the delay was unique, and a recurrence of the problem is not foreseeable.

Person responsible for corrective action:

Mr. Frank Wilcox, Executive Director
 Housing Authority of the City of Monroe
 300 Harrison St.
 Monroe, LA 71201

Telephone: (318) 388-1500
 Fax: (318) 329-1397

Anticipated completion date: Not applicable.

Reference # and title: **2014-002** **Public Housing Disbursements**

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Low Rent Public Housing	14.850	2014

Condition: In accordance with 24 CFR part 990 the Housing Authority must establish a COCC to account for non-project specific costs and charge each project for indirect costs based on a fee-for-service approach. 24 CFR part 990.282(c) gives guidelines for reasonableness of allocations of indirect costs.

PIH notice 2012-2 of January 20, 2012 allowed the use of the portion operating reserves above the HUD recommended minimum operating reserve levels for capital improvements, excluding large modernization projects. PIH notice 2012-2 further stated that all operating reserves used for capital improvements had to be obligated by September 30, 2012. However, HUD extended the obligation deadline in PIH notice 2012-43 to March 31, 2013. Otherwise, the Housing Authority would be required to use the Operating Fund Financing Program (OFFP) for such expenditures.

In testing eighteen payroll disbursements, it was noted that two employees are being allocated to various programs. However based on the activities of these employees and per HUD's handbook 7475.1Rev in the Chapter 7 these employees should be charged to COCC rather than to the Public Housing program due to the Housing Authority utilizing a central maintenance system. These employees report directly to the central maintenance staff and not to the AMPs.

**Housing Authority of the City of Monroe
 Corrective Action Plan for the Current Year Findings and Questioned Costs
 For the Year Ended June 30, 2014**

In testing sixteen vendor disbursements, the following exceptions were noted:

- One disbursement did not have adequate documentation for the allocation method to be charged to the program.
- Five disbursements related to construction work performed using Public Housing operating reserves. Although the Housing Authority believed they received proper approval for these modernization projects, these contracts were not obligated until September 2013.

In light of the situation, the Housing Authority is working with HUD on this matter.

Corrective action planned: Future audit costs will be allocated based on billings received from the auditors showing actual time spent on the respective programs. MHA has always strived to control costs and to make sure monies are being spent as per guidelines. Employees in question will have their entire salary expensed to Central Office Cost Center. Fee for services will be assessed to the AMPS based on work orders.

Person responsible for corrective action:

Mr. Frank Wilcox, Executive Director
 Housing Authority of the City of Monroe
 300 Harrison St.
 Monroe, LA 71201

Telephone: (318) 388-1500
 Fax: (318) 329-1397

Anticipated completion date: Immediately.

Reference # and title: 2014-003 Test of the Waiting List and New Move-ins

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Public and Indian Housing Program	14.850	2014

Condition: Applicants on the waiting list should be selected in order of their position on the waiting list. Preferences reflected on the waiting list should be in accordance with the Housing Authority’s admission policy. Applicants on the top of the waiting list should be offered the opportunity to move in before applicants on the bottom of the waiting list. Any variation from this selection procedure should be properly documented in the tenant’s file. Additionally, in accordance with PIH Notice 2010-19, the Housing Authority is required to run an income verification using the EIV system within 120 days from the PIC submission date to ensure all income was properly reported.

While performing tests over the waiting list, it was noted that the Housing Authority’s software was not ranking applicants on the waiting list per the Housing Authority’s admission policy for those applicants that were reflecting a preference. Additionally, it was noted that the Housing Authority is not performing the EIV system verification within the required 120 days deadline for those individuals that have moved onto the program.

Corrective action planned: Closely monitoring the wait list sorting order. Waiting on resolution of ticket #158013 with our software vender for permanent fix. Managers have been notified of reconfirming EIV information within 120 days of move-in.

Housing Authority of the City of Monroe
Corrective Action Plan for the Current Year Findings and Questioned Costs
For the Year Ended June 30, 2014

Person responsible for corrective action:

Mr. Frank Wilcox, Executive Director
Housing Authority of the City of Monroe
300 Harrison St.
Monroe, LA 71201

Telephone: (318) 388-1500
Fax: (318) 329-1397

Anticipated completion date: Permanent fix is dependent on software vendor. EIV verification, immediately.



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Diane Ferschoff, CPA
Jaunicia Mercer, CPA, CFE

Ernest L. Allen, CPA
(Retired) 1963 - 2000

Management Letter

Board Members
Housing Authority of the City of Monroe
Monroe, Louisiana

In planning and performing our audit of the financial statements of the financial statements of each major fund of the Housing Authority of the City of Monroe, as of and for the year ended June 30, 2014, which collectively comprise the Housing Authority's basic financial statements, we considered the Housing Authority's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 10, 2015, on the financial statements of the Housing Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

2014-M001 Accounting Functions

Comment: During the fiscal year ended June 30, 2014, the following item was noted relating to accounting functions:

- When reviewing the unrestricted equity for the Section 8 Housing Choice Voucher program, it was noted that the program has a negative unrestricted equity balance. Therefore, the program's administrative expenses have exceeded the amount received in administrative revenue. It is noted that part of the deficit spending is attributable to budget cuts made at the federal level in the prorated administrative fees received from the U.S. Department of Housing and Urban Development.
- In reviewing the FDS (Financial Data Schedule) to the general ledger, we noted that several adjustments were required to the trial balance to agree to the client's FDS. These adjustments related to splitting of receivables and payables between short term and long term and port-in expense.

Recommendation: The Housing Authority should ensure that the accounting records are properly reflected on the FDS. Any adjustments made to the FDS should be recorded in the general ledger of the Housing Authority. The Housing Authority should evaluate the expenses of the Section 8 Housing Choice Voucher program and make necessary reductions in order to resulting from reductions in administrative revenues. The reductions in expenses should be set at a level to negate deficit spending.

Management Response: At no time has the Housing Authority used funds for HAP payments to cover the negative unrestricted equity balance. The Central Office Cost Center continues to cover any negative equity balance. We continue to believe that the Section 8 program is badly underfunded, however we will implement a 79% proration on management fees and bookkeeping fees that the Central Office Cost Center assesses to the Section 8 program. In addition, one long-time employee is approaching retirement and we do not anticipate replacing her.

Adjustments mentioned had no net effect on the financial statements. We will show the port in income and corresponding port in expense in future journal entries.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of each major fund of the Housing Authority, as of and for the year ended June 30, 2014, which collectively comprise the Housing Authority's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

Also included are management's responses to our current year management letter items. We have performed no audit work to verify the content of the responses.

Included immediately following this letter is a Status of Prior Management Letter Item. This information has not been audited by Allen, Green & Williamson, LLP, and no opinion is expressed. However, we did follow-up on the prior management letter item and performed procedures to assess the reasonableness of the Status of Prior Management Letter Item prepared by Management, and we would report, as a current-year management letter item when Allen, Green & Williamson, LLP, concludes that the Status of Prior Management Letter Item materially misrepresents the status of any prior management letter item.

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

Allen, Green & Williamson, LLP

Allen, Green & Williamson, LLP

Monroe, Louisiana
March 10, 2015

Housing Authority of the City of Monroe
Status of Prior Year Management Letter Item
For Year Ended June 30, 2014

2013-M001 **Accounting Functions**

Comment: During the fiscal year ended June 30, 2014, the following items were noted relating to accounting functions:

- The Housing Authority voids outstanding stale checks without determining which check that are still owed to the payee. Any amounts owed are not being forwarded to Louisiana Unclaimed Properties.
- When testing ten employee leave balances, it was noted that one employee's leave taken was entered under the wrong classification.
- In reviewing the FDS (Financial Data Schedule) to the general ledger, we noted that several adjustments were made to the FDS that were not reflected on the Housing Authority's accounting records. These adjustments related to wages payable, compensated absences and allocation of benefits for administration and maintenance.
- When reviewing the unrestricted equity for the Section 8 Housing Choice Voucher program, it was noted that the program has a negative unrestricted equity balance. Therefore, the program's administrative expenses have exceeded the amount received in administrative revenue. It is noted that part of the deficit spending is attributable to budget cuts made at the federal level in the prorated administrative fees received from the U. S. Department of Housing and Urban Development.

Recommendation: The Housing Authority should review outstanding checks to determine if the check is still owed to the payee, in which any checks that are owed should be submitted to Louisiana Unclaimed Properties in accordance with state statutes. The Housing Authority should perform reviews to ensure leave time taken is entered under the correct classification. In addition, the Housing Authority should ensure that the accounting records are properly reflected on the FDS. Any adjustments made to the FDS should be recorded in the general ledger of the Housing Authority. The Housing Authority should evaluate the expenses of the Section 8 Housing Choice Voucher program and make necessary reductions in order to resulting from reductions in administrative revenues. The reductions in expenses should be set at a level to negate deficit spending.

Management Response: The Housing Authority has cleared the items regarding outstanding checks and the allocation of leave balances. See current year management letter item 2014-M001 for additional information.