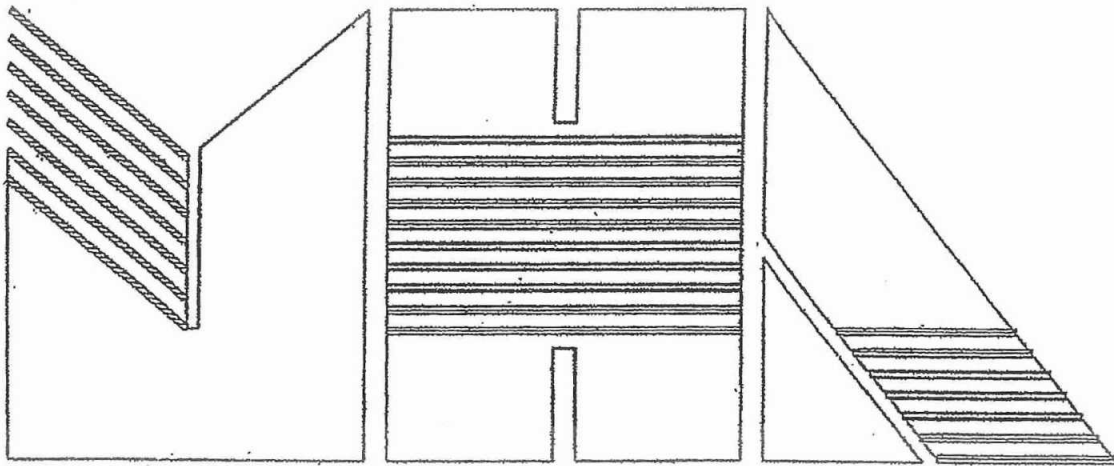


Housing Authority of the City of Monroe

Monroe, Louisiana



Comprehensive Annual Financial Report

As Of And For the Year Ended June 30, 2016

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

Comprehensive Annual Financial Report

As of And For the Year Ended June 30, 2016

**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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Housing Authority of the City of Monroe

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INTRODUCTORY SECTION



Monroe Housing Authority • 300 Harrison Street • Monroe, LA 71201 • 318-388-1500 • TDD/TYY 1-800-545-1833 ext. 872
Frank L. Wilcox, Executive Director • Joe Farr, Chairman • Hal Hinchliffe, Vice Chairman • William Smart • Rick Miller • Patricia Gix

December 27, 2016

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, 2016, 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 the Uniform Guidance. 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. 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 of 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 Housing Authority adopted a new capitalization policy during this fiscal year. We will now be capitalizing equipment and movable items that have a purchase price of \$5,000 and above. Building structures will be capitalized if new. Renovations that return an asset to a "like new" state will be considered maintenance expense.



Kitchen and bath renovations at Burg Jones were completed with funds from the Capital Fund Program. The Capital Fund Program also provided funds for the completion of the new office and community space at Robinson Place.

We completed over \$1 million in roof repairs for our Robinson Place and Miller Square properties. We also completed major tree trimming projects at Miller Square, Robinson Place, Johnson Carver, and Breece-Lock.

On March 9, 2016, our area was hit with historic flooding that affected 251 of our homes and offices. During the 2016 fiscal year, we incurred over \$1 million in costs associated with flood remediation. We anticipate at time of completion for the total costs to top \$2 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 97.



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 – Through partnership with the Ouachita Council on Aging, Senior Care Services, ULM, LSU AgCenter, and numerous health care and fitness organizations, MHA continues to provide our resident seniors with programs and supportive services designed to allow them to age in place with dignity and respect.

Residents – MHA continues to provide HiSet (GED) training and testing, career training, and job readiness skills services for our adult residents through partnerships with Delta Community College, ULM, Opportunities Industrialization Center of Ouachita (OIC), Job Skills Institute, and NOVA Workforce Institute of Northeast Louisiana.

Children – Through partnerships with the Children’s Coalition of Northeast Louisiana, CenturyLink, YMCA, and OIC, Monroe Housing Authority continues to provide early childhood educational opportunities and child care services to our resident children and families.

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.

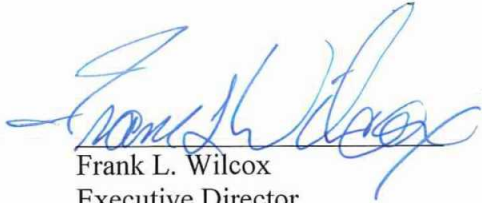
As demonstrated by the statements and schedules included in the financial section of this report, the Housing Authority continues to meet its responsibility for sound financial management.

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.

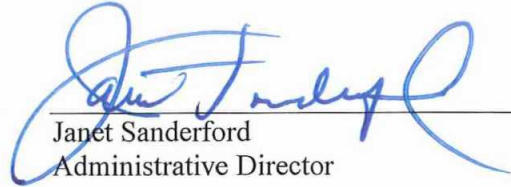
I. Award The Government Finance Officers Association (GFOA) of the United States and Canada issues a Certificate of Achievement for Excellence in Financial Reporting to governments for their Comprehensive Annual Financial Report. To be awarded this certificate, a government must publish an easily readable 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, 2016, 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

Housing Authority of the City of Monroe

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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, 2015

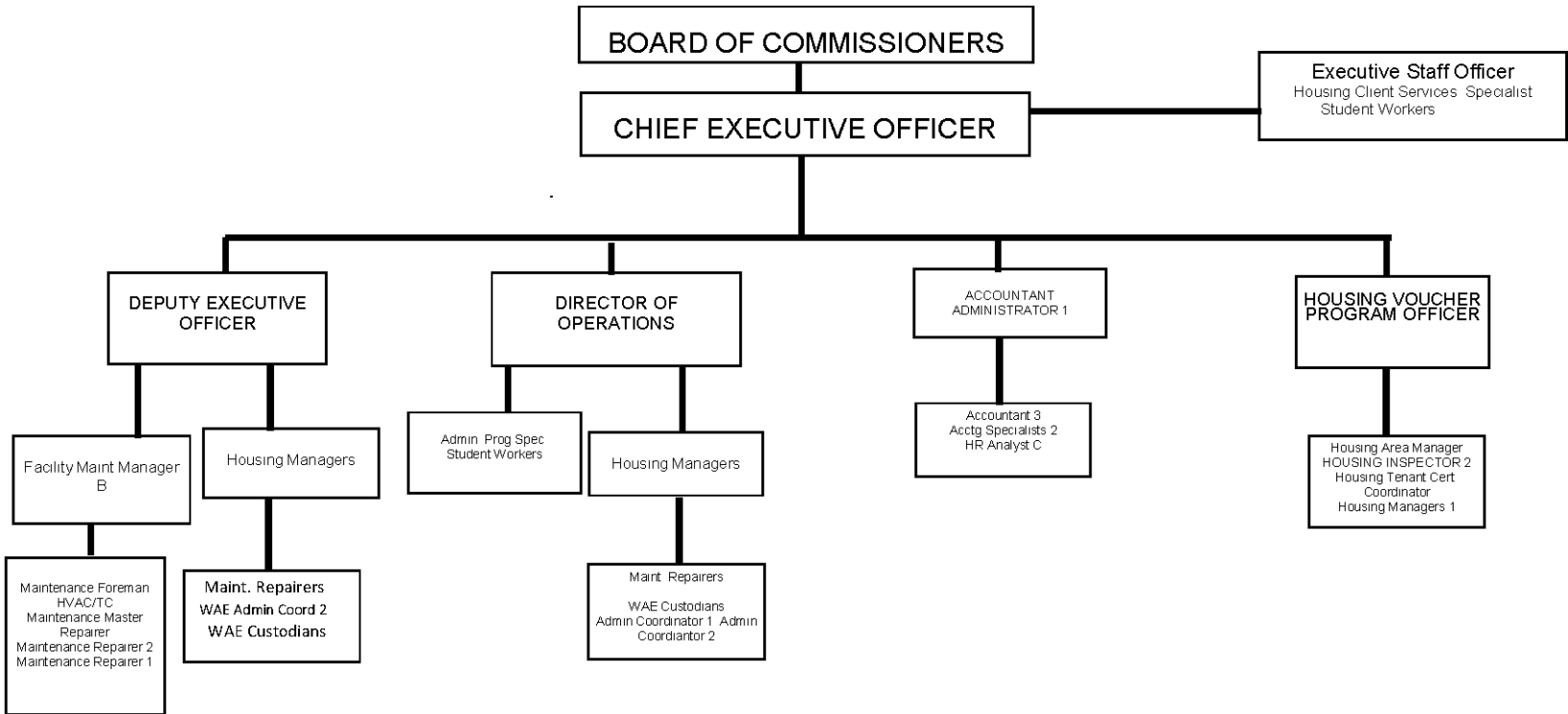
Executive Director/CEO

Housing Authority of the City of Monroe

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Housing Authority of the City of Monroe

**MONROE HOUSING AUTHORITY
ORGANIZATIONAL CHART**



Housing Authority of the City of Monroe

**Appointed Officials
Board of Commissioners**

Mr. Joe Farr, Chairman

Mr. Hal Hinchliffe, Vice Chairman

Mr. William Smart

Ms. Patricia Gix

Mr. Rick Miller

Henry Bonner, Chairman, Emeritus

Selected Administrative Officials

Frank L. Wilcox

Executive Director

Bobby Simmons

Deputy Director

Cheryl Farmer

Director of Operations

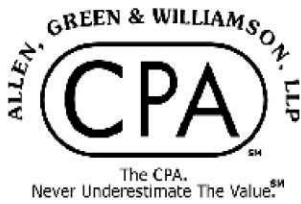
Janet Sanderford

Administrative Director

Naomi Jackson

Section 8 Director

FINANCIAL SECTION



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

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Partners: Tim Green, CPA
Amy Tynes, CPA, CFE
Aimee Buchanan, CPA
Nicia Mercer, CPA, CFE
Principal: Cindy Thomason, CPA

Matt Carmichael, CPA
Eddi Hernandez, CPA
Audit Manager: Margie Williamson, CPA

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, 2016, 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, 2016, 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 December 27, 2016 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
December 27, 2016

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, 2016**

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, 2016. 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 13 of this report. Dollar amounts presented in the MD&A are presented in thousands.

FINANCIAL HIGHLIGHTS In fiscal year 2016, 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 \$50,480 (*net position*). Of this amount, \$18,928 may be used to meet the government's ongoing obligations to citizens and creditors.
- The Housing Authority's total net position decreased by \$2,176 for current year. This is mainly due to a change in our policy of capitalization of assets and costs associated with the flood of March, 2016.
- At the end of the current fiscal year, unrestricted net position for the general fund was \$10,527 or 70% 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 supplementary information and 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 were 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, 2016**

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 \$50,480 at June 30, 2016. Of this amount, \$18,928 was unrestricted. Restricted net position of \$189 is reported separately to show legal constraints from U. S. Department of Housing and Urban Development regulations that limit the Housing Authority to use these funds only for housing assistance payments (HAP) of 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 supportive services, economic development programs, and the Central Office Cost Center. 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, 2016

Table 1
Net Position
(in thousands)
June 30,

	2016	2015	Variance
Current assets	\$ 22,125	\$ 20,867	\$ 1,258
Capital assets	31,363	34,469	(3,106)
Other noncurrent assets	420	452	(32)
Total assets	53,908	55,788	(1,880)
Current liabilities	2,055	1,766	289
Noncurrent liabilities	1,373	1,366	7
Total liabilities	3,428	3,132	296
Net position			
Investment in capital assets	31,363	34,469	(3,106)
Restricted	189	155	34
Unrestricted	18,928	18,032	896
Total net position	\$ 50,480	\$ 52,656	\$ (2,176)

Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2016

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

	2016	2015	Variance
Beginning net position	\$ 52,656	\$ 51,694	\$ 962
Revenues:			
Operating revenues			
Rental and other	5,935	5,569	366
Federal grants	14,256	12,907	1,349
Total operating revenues	<u>20,191</u>	<u>18,476</u>	<u>1,715</u>
Expenses:			
Operating expenses			
Administration	3,280	3,197	83
Tenant services	105	173	(68)
Utilities	379	370	9
Ordinary maintenance and operations	7,233	3,007	4,226
Protective services	87	112	(25)
General expenses	1,400	1,200	200
Housing assistance payments	6,675	6,989	(314)
Depreciation	3,654	3,677	(23)
Total expenses	<u>22,813</u>	<u>18,725</u>	<u>4,088</u>
Non-operating revenues			
Interest earnings	30	29	1
Gain(Loss) on sale of equipment	(59)	(230)	171
Total non-operating revenues	<u>(29)</u>	<u>(201)</u>	<u>172</u>
Net income (loss) before capital contributions	(2,651)	(450)	(2,201)
Capital contributions	<u>475</u>	<u>1,412</u>	<u>(937)</u>
Increase (decrease) in net position	<u>(2,176)</u>	<u>962</u>	<u>(3,138)</u>
Ending net position	<u>\$ 50,480</u>	<u>\$ 52,656</u>	<u>\$ (2,176)</u>

**Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2016**

Total operating revenues increased \$1,715.

- The general fund's operating revenue increased \$2,079 due to the majority of the capital fund that was expended was reclassified as soft costs that had been previously recognized as capital expenditures. This was the result of a change in our capitalization policy that considers anything that results in the asset being brought back to a normal condition will be considered a maintenance expense.
- The Section 8 fund's operating revenue decreased \$356 due to a HUD policy that keeps unused budget authority under HUD's control instead of allocating it all to the Housing Authority. There was also a decrease in units leased somewhat due to the flood of March, 2016.
- The management fees' operating revenue decreased \$8 due to some of the management fees owed were deferred until the next fiscal year.

Total operating expenses increased \$4,088.

- The general fund's operating expenses increased \$4,420. This change was due to expenses incurred because of the flood of March, 2016 and to a change in our capitalization policy.
- The Section 8 funds operating expenses decreased \$341. This change was due to a decrease on leasing and a long time employee retiring.
- The management fees' operating expenses increased \$12. This change was due to an increase in salaries and corresponding benefits.
- The Monroe housing facilities' operating expenses decreased \$3. This change was due to a decrease in administration costs.

Capital contributions decreased \$937 due to a change in our capitalization policy that recognizes capital additions only when new, not when bringing the asset back to a normal condition.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the Housing Authority had \$31,363 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 \$3,106 or 9%, from last year.

**Capital Assets at Year-end
(in thousands)**

	2016	2015
Land	\$ 2,483	\$ 2,492
Construction in progress	390	1,359
Buildings and site improvements	28,220	30,358
Furniture and equipment	270	260
Totals	\$ 31,363	\$ 34,469

This year's decrease of \$3,106 is mainly the result of reclassifying capital assets reflect our current capitalization policy.

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

**Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2016**

Debt

Our long-term debt includes accrued annual and sick leave. We present more detail about our long-term liabilities in Note 10 in the notes 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, 2016

	GENERAL	TENANT BASED SECTION 8	MANAGEMENT FEES
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 8,124,458	\$ 526,746	\$ 896,038
Investments	4,242,489	-	-
Accounts receivable, net	551,759	65,305	-
Note receivable	-	-	-
Interfund receivable	48,014	-	-
Prepaid items and other assets	301,673	3,326	-
Inventory	1,112	-	-
Restricted assets			
Cash for deposits due others	340,231	8,932	-
Total Current assets	<u>13,609,736</u>	<u>604,309</u>	<u>896,038</u>
Noncurrent Assets:			
Note receivable	-	-	-
Capital Assets, net			
Land and construction in progress	2,453,208	-	-
Buildings and equipment (net)	<u>27,740,640</u>	<u>10,643</u>	<u>-</u>
Total noncurrent assets	<u>30,193,848</u>	<u>10,643</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 43,803,584</u>	<u>\$ 614,952</u>	<u>\$ 896,038</u>

Statement A

<u>MONROE HOUSING FACILITIES</u>	<u>TOTAL GOVERNMENT</u>
\$ 5,499,481	\$ 15,046,723
1,423,881	5,666,370
12,000	629,064
31,724	31,724
48,014	96,028
-	304,999
-	1,112
-	<u>349,163</u>
<u>7,015,100</u>	<u>22,125,183</u>
420,146	420,146
420,000	2,873,208
<u>738,899</u>	<u>28,490,182</u>
<u>1,579,045</u>	<u>31,783,536</u>
<u>\$ 8,594,145</u>	<u>\$ 53,908,719</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MONROE

**ENTERPRISE FUNDS
Statement of Net Position
June 30, 2016**

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 514,490	\$ 54,965	\$ -
Interfund payable	48,014	-	48,014
Accrued liabilities	534,001	16,487	-
Unearned revenue	18,009	4,016	-
Current portion of compensated absences payable	410,717	56,991	-
Current Liabilities Paid with Restricted Assets			
Deposits due others	<u>340,231</u>	<u>8,931</u>	<u>-</u>
Total Current Liabilities	1,865,462	141,390	48,014
Noncurrent Liabilities			
Compensated absences payable	<u>1,217,278</u>	<u>155,789</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,082,740</u>	<u>297,179</u>	<u>48,014</u>
NET POSITION			
Investment in capital assets	30,193,848	10,643	-
Restricted for HAP	-	189,160	-
Unrestricted	<u>10,526,996</u>	<u>117,970</u>	<u>848,024</u>
TOTAL NET POSITION	<u>\$ 40,720,844</u>	<u>\$ 317,773</u>	<u>\$ 848,024</u>

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

Statement A

	MONROE HOUSING FACILITIES		TOTAL GOVERNMENT
\$	433	\$	569,888
	-		96,028
	129		550,617
	-		22,025
	-		467,708
	-		349,162
	562		2,055,428
	-		1,373,067
	562		3,428,495
	1,158,899		31,363,390
	-		189,160
	7,434,684		18,927,674
\$	8,593,583	\$	50,480,224

(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, 2016**

	GENERAL	TENANT BASED SECTION 8	MANAGEMENT FEES
OPERATING REVENUES			
Dwelling rental	\$ 4,379,807	\$ -	\$ -
Other	987,987	168,680	351,111
Federal grants	6,726,774	7,529,040	-
Total operating revenues	<u>12,094,568</u>	<u>7,697,720</u>	<u>351,111</u>
OPERATING EXPENSES			
Administration	2,423,830	788,011	68,259
Tenant services	104,674	-	-
Utilities	364,114	-	-
Ordinary maintenance & operations	7,205,039	18,464	-
Protective services	87,420	-	-
General expenses	1,290,730	74,867	30,000
Housing assistance payments	-	6,674,689	-
Depreciation	3,554,743	6,406	-
Total operating expenses	<u>15,030,550</u>	<u>7,562,437</u>	<u>98,259</u>
Income (loss) from Operations	<u>(2,935,982)</u>	<u>135,283</u>	<u>252,852</u>
Nonoperating revenues (expenses)			
Investment earnings and gains/losses	7,481	10	-
Gains/losses on disposal of capital assets	<u>(61,767)</u>	<u>2,678</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(54,286)</u>	<u>2,688</u>	<u>-</u>
Net Income (Loss) before capital contributions and transfers	<u>(2,990,268)</u>	<u>137,971</u>	<u>252,852</u>
Capital contributions	475,279	-	-
Transfers in	-	-	-
Transfers out	<u>(500,000)</u>	<u>-</u>	<u>-</u>
Total contributions and transfers	<u>(24,721)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(3,014,989)</u>	<u>137,971</u>	<u>252,852</u>
NET POSITION AT BEGINNING OF YEAR	<u>43,735,833</u>	<u>179,802</u>	<u>595,172</u>
NET POSITION AT END OF YEAR	<u>\$ 40,720,844</u>	<u>\$ 317,773</u>	<u>\$ 848,024</u>

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

Statement B

MONROE HOUSING FACILITIES	TOTAL GOVERNMENT
\$ -	\$ 4,379,807
48,000	1,555,778
-	14,255,814
<u>48,000</u>	<u>20,191,399</u>
657	3,280,757
-	104,674
14,842	378,956
9,446	7,232,949
-	87,420
4,783	1,400,380
-	6,674,689
92,421	3,653,570
<u>122,149</u>	<u>22,813,395</u>
<u>(74,149)</u>	<u>(2,621,996)</u>
22,534	30,025
-	(59,089)
<u>22,534</u>	<u>(29,064)</u>
<u>(51,615)</u>	<u>(2,651,060)</u>
-	475,279
500,000	500,000
-	(500,000)
<u>500,000</u>	<u>475,279</u>
448,385	(2,175,781)
<u>8,145,198</u>	<u>52,656,005</u>
<u>\$ 8,593,583</u>	<u>\$ 50,480,224</u>

HOUSING AUTHORITY OF THE CITY OF MONROE

ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2016

	GENERAL	TENANT BASED SECTION 8	MANAGEMENT FEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 4,374,828	\$ -	\$ -
Other receipts	943,040	217,610	399,125
Payments to vendors	(7,291,050)	(553,861)	(12,946)
Payments to employees	(3,585,380)	(534,587)	(55,334)
Payments to private landlords	-	(6,692,759)	-
Payments to others	-	-	(30,000)
Federal grants	6,518,425	7,529,040	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>959,863</u>	<u>(34,557)</u>	<u>300,845</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in/out	<u>(500,000)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase capital assets	(620,222)	-	-
Proceeds from sale of capital assets	13,342	-	-
Contributed capital	475,279	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(631,601)</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Investment earnings and gains/losses	7,481	9	-
Purchase of investments	<u>(5,582)</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>\$ 1,899</u>	<u>\$ 9</u>	<u>\$ -</u>

Statement C

	MONROE HOUSING FACILITIES		TOTAL GOVERNMENT
	\$ 48,000		\$ 4,422,828
	-		1,559,775
	(26,870)		(7,884,727)
	(2,940)		(4,178,241)
	-		(6,692,759)
	-		(30,000)
	-		14,047,465
	<u>18,190</u>		<u>1,244,341</u>
	 500,000		 -
	-		(620,222)
	-		13,342
	-		475,279
	<u>500,000</u>		<u>(131,601)</u>
	22,534		30,024
	<u>(5,695)</u>		<u>(11,277)</u>
	<u>\$ 16,839</u>		<u>\$ 18,747</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MONROE

ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2016

	GENERAL	TENANT BASED SECTION 8	MANAGEMENT FEES
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 330,161	\$ (34,548)	\$ 300,845
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,134,528</u>	<u>570,226</u>	<u>595,193</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>8,464,689</u></u>	<u><u>535,678</u></u>	<u><u>896,038</u></u>
Reconciliation to financial statements:			
Cash	8,124,458	526,746	896,038
Restricted cash (deposits due others)	<u>340,231</u>	<u>8,932</u>	<u>-</u>
	<u><u>8,464,689</u></u>	<u><u>535,678</u></u>	<u><u>896,038</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(2,935,982)	135,283	252,852
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	3,554,743	6,406	-
Change in assets and liabilities:			
Accounts receivables, net	(255,595)	48,930	-
Notes receivable, net	-	-	-
Interfund receivables	137,589	-	-
Inventories	1,519	-	-
Prepaid items and other assets	(16,969)	-	-
Accounts payable	347,083	21,435	(21)
Accrued expenses	68,416	4,306	-
Unearned revenue	8,195	516	-
Interfund payables	18,146	(185,603)	48,014
Deposits due others	(10,875)	(18,586)	-
Compensated absences	<u>43,593</u>	<u>(47,244)</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 959,863</u></u>	<u><u>\$ (34,557)</u></u>	<u><u>\$ 300,845</u></u>

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

Statement C

MONROE HOUSING FACILITIES	TOTAL GOVERNMENT
\$ 535,029	\$ 1,131,487
4,964,452	14,264,399
5,499,481	15,395,886
5,499,481	15,046,723
-	349,163
5,499,481	15,395,886
(74,149)	(2,621,996)
92,421	3,653,570
(12,000)	(218,665)
30,827	30,827
(18,146)	119,443
-	1,519
-	(16,969)
(817)	367,680
54	72,776
-	8,711
-	(119,443)
-	(29,461)
-	(3,651)
\$ 18,190	\$ 1,244,341

(CONCLUDED)

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2016

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Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2016

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	1518
Section 8		
Housing Choice Vouchers	FW 2072 (VO)	1548
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
Franciscan Apartments		8

GASB Standards establish criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these Standards, 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 Standards, 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, 2016

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 because operations and administration of the Corporation are handled by the same personnel of the Housing Authority, and 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 supportive services program, the economic development program and the Central Office Cost Center. 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 projects 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, 2016

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 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 contracts 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, 2016

I. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$5,000 for any movable items. The capitalization threshold for intangible assets is \$200,000. 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.

Any expenditures incurred for purposes of improving any buildings or structure or any site improvement will be expensed up to \$100,000, excluding repairs that involve returning an asset to its existing state (roof repairs where shingles are being replaced and the replacement of rotten wood where found).

Straight line depreciation is used based on the following estimated useful lives using a half-year convention method:

Site improvements	15 years
Buildings	30 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, compensatory, 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. Compensatory leave credited to an employee may be used by the employee or may be paid out to the employee at any time. 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 is 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.

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2016

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.

NOTE 2 - CASH AND CASH EQUIVALENTS The Housing Authority's deposits are recorded at cost. The carrying amount of deposits totaled \$21,062,256, which includes \$5,666,370 held in certificates of deposit that are classified as investments and \$349,163 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 deposit, 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, 2016 the Housing Authority bank balance was \$21,684,671, in which \$20,684,671 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, 2016, are as follows:

Class of Receivables	General	Tenant Based Section 8	Monroe Housing Facilities	Total
Local sources:				
Tenants	\$ 39,240	\$ -	\$ -	\$ 39,240
Other	168,142	65,305	12,000	245,447
Federal sources:				
Due from HUD	344,377	-	-	344,377
Total	<u>\$ 551,759</u>	<u>\$ 65,305</u>	<u>\$ 12,000</u>	<u>\$ 629,064</u>

The tenants account receivable is net of an allowance for doubtful accounts of \$4,359. 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 \$49,303.

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, 2016 was \$451,870. Of this amount, \$31,724 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, 2016

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

	Balance Beginning	Additions	Deletions	Balance Ending
Capital Assets, nondepreciable				
Land	\$ 2,491,654	\$ -	\$ 8,750	\$ 2,482,904
Construction in progress	1,359,286	475,279	1,444,261	390,304
Total capital assets, non depreciable	<u>3,850,940</u>	<u>475,279</u>	<u>1,453,011</u>	<u>2,873,208</u>
Capital assets, depreciable				
Buildings and site improvements	92,378,244	1,444,261	230,794	93,591,711
Furniture and equipment	1,681,410	144,943	192,296	1,634,057
Total capital assets, depreciable	<u>94,059,654</u>	<u>1,589,204</u>	<u>423,090</u>	<u>95,225,768</u>
Less accumulated depreciation				
Buildings and site improvements	62,092,015	3,548,328	269,146	65,371,197
Furniture and equipment	1,349,411	105,242	90,264	1,364,389
Total	<u>63,441,426</u>	<u>3,653,570</u>	<u>359,410</u>	<u>66,735,586</u>
Net Depreciable Assets	<u>30,618,228</u>	<u>(2,064,366)</u>	<u>63,680</u>	<u>28,490,182</u>
Total capital assets, net	<u>\$ 34,469,168</u>	<u>\$ (1,589,087)</u>	<u>\$ 1,516,691</u>	<u>\$ 31,363,390</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 \$3,527,535. The members' contributions were \$11,177 for the year ended June 30, 2016. The Housing Authority made the required contributions of \$397,305 for the year ended June 30, 2016.

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2016

NOTE 7 - ACCOUNTS PAYABLE The payables at June 30, 2016, are as follows:

	General	Tenant Based Section 8	Monroe Housing Facilities	Total
Vendors	\$ 190,727	\$ 54,965	\$ 433	\$ 246,125
Retainage Payable	323,763	-	-	323,763
Total	<u>\$ 514,490</u>	<u>\$ 54,965</u>	<u>\$ 433</u>	<u>\$ 569,888</u>

NOTE 8 - ACCRUED LIABILITIES The accrued liabilities at June 30, 2016, are as follows:

	General	Tenant Based Section 8	Monroe Housing Facilities	Total
Payments in lieu of taxes	\$ 405,857	\$ -	\$ -	\$ 405,857
Salaries and benefits	128,144	16,487	129	144,760
Total	<u>\$ 534,001</u>	<u>\$ 16,487</u>	<u>\$ 129</u>	<u>\$ 550,617</u>

NOTE 9 - COMPENSATED ABSENCES At June 30, 2016, employees of the Housing Authority have accumulated and vested \$1,840,775 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 - LONG-TERM LIABILITES The following is a summary of the long-term liabilities for the year ended June 30, 2016:

	Compensated Absences
Beginning Balance	\$ 1,844,426
Additions	225,533
Deletions	229,184
Ending Balance	<u>\$ 1,840,775</u>
Amounts Due Within One Year	<u>\$ 467,708</u>

NOTE 11 - INTERFUND TRANSACTIONS

Interfund receivables/payables at June 30, 2016, are as follows:

<u>Receivable</u>	<u>Amount</u>	<u>Payable</u>	<u>Amount</u>
General Fund	\$ 48,014	Management Fees	\$ 48,014
Monroe Housing Facilities	48,014	General Fund	48,014
Total	<u>\$ 96,028</u>		<u>\$ 96,028</u>

The General Fund pays salaries and other expenses on behalf of the business activities account. Monroe Facilities charges rent for space used for housing activities. The General Fund covers that cost on behalf of the different developments. Without having to write a check to the Monroe Facilities to cancel that payable, the

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2016

General Fund chooses to keep the receivable on the books from the business activities account to cancel one another out.

Interfund transfers at June 30, 2016, are as follows:

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
Monroe Housing Facilities	\$ 500,000	General Fund	\$ 500,000
Total	\$ 500,000	Total	\$ 500,000

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

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation At June 30, 2016, 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 Commitments There are certain construction projects in progress at June 30, 2016. These include modernizing rental units at two of the projects, renovating an office at one project, and roof repairs at three projects. For the projects being funded by HUD, funds are requested periodically as the cost is incurred. The capital funds 2014 and 2015 are currently open construction projects. The total contracts open at June 30, 2016 were \$3,521,773 in which \$591,555 were outstanding commitments at June 30, 2016.

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; however, the Housing Authority does not carry flood insurance. 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. The Housing Authority has not made any significant reductions in insurance coverage.

NOTE 14 - ECONOMIC DEPENDENCE Due to the amount of funding received, the Housing Authority is economically dependent on the Department of Housing and Urban Development. The Department of Housing and Urban Development provided \$14,731,093 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, 2016

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, 2016. The minimum lease payments for these leases for fiscal year 2017 is \$5,007, which is the last year of the lease agreement.

NOTE 16 - INSURANCE PROCEEDS In the fiscal year ending June 30, 2016 the Housing Authority received \$47,275 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 September 2016, the Housing Authority entered into a \$427,900 contract for kitchen and bath renovations at Lock-Breece Development. In November 2016, the Housing Authority entered into a \$1,390,000 contract for kitchen and bath renovations at Foster Heights development

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, 2016, the Housing Authority had \$743,898 in HUD-Held Reserves.

**Housing Authority of the City of Monroe
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2016**

Exhibit 1

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

Mr. Joe Farr, Chairman

Mr. Hal Hinchliffe, Vice Chairman

Mr. Rick Miller

Mr. William Smart

Ms. Patricia Gix

Housing Authority of the City of Monroe
Schedule of Compensation, Benefits and Other Payments to Agency Head (Executive Director)
For the Year Ended June 30, 2016

Exhibit 2

Agency Head Name: Frank Wilcox, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 144,456
Benefits-insurance	10,763
Benefits-retirement	23,304
Benefits – performance incentive	13,001
Car allowance	9,000
Cell phone	742
Dues	45
Reimbursements	242
Registration fees	1,970
Conference travel	7,665

Housing Authority of the City of Monroe
Financial Data Schedule - Balance Sheet
June 30, 2016

Submission Type: Audited/Uniform Guidance

	Project Total	14.267 Continuum of Care Program	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
111 Cash - Unrestricted	\$7,842,183		\$156,120	\$0
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$340,231			
100 Total Cash	\$8,182,414	\$0	\$156,120	\$0
122 Accounts Receivable - HUD Other Projects	\$344,377			
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$43,599			
126.1 Allowance for Doubtful Accounts - Tenants	-\$4,359			
126.2 Allowance for Doubtful Accounts - Other	\$0			
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$24,924	\$3,700		
128.1 Allowance for Doubtful Accounts - Fraud	-\$22,432	-\$3,330		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$386,109	\$370	\$0	\$0
131 Investments - Unrestricted	\$2,858,004			
142 Prepaid Expenses and Other Assets				
143 Inventories				
150 Total Current Assets	\$11,426,527	\$370	\$156,120	\$0
161 Land	\$2,062,904			
162 Buildings	\$92,137,897			
163 Furniture, Equipment & Machinery - Dwellings	\$382,600			
164 Furniture, Equipment & Machinery - Administration	\$821,672			
166 Accumulated Depreciation	-\$65,711,708			
167 Construction in Progress	\$390,304			
160 Total Capital Assets, Net of Accumulated Depreciation	\$30,083,669	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current				
180 Total Non-Current Assets	\$30,083,669	\$0	\$0	\$0
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$41,510,196	\$370	\$156,120	\$0

Exhibit 3

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
\$89,423	\$10,992	\$81,051	\$6,395,519	\$282,275	\$14,857,563		\$14,857,563
\$198,092					\$198,092		\$198,092
					\$340,231		\$340,231
\$287,515	\$10,992	\$81,051	\$6,395,519	\$282,275	\$15,395,886	\$0	\$15,395,886
					\$344,377		\$344,377
\$10,000			\$12,000	\$165,648	\$187,648		\$187,648
					\$43,599		\$43,599
					-\$4,359		-\$4,359
\$0			\$0	\$0	\$0		\$0
			\$31,724		\$31,724		\$31,724
\$78,478					\$107,102		\$107,102
-\$23,543					-\$49,305		-\$49,305
\$64,935	\$0	\$0	\$43,724	\$165,648	\$660,786	\$0	\$660,786
			\$1,423,881	\$1,384,485	\$5,666,370		\$5,666,370
\$3,326				\$301,673	\$304,999		\$304,999
				\$1,112	\$1,112		\$1,112
\$355,776	\$10,992	\$81,051	\$7,863,124	\$2,135,193	\$22,029,153	\$0	\$22,029,153
			\$420,000		\$2,482,904		\$2,482,904
			\$1,436,834		\$93,574,731		\$93,574,731
					\$382,600		\$382,600
\$58,697			\$6,761	\$381,307	\$1,268,437		\$1,268,437
-\$48,054			-\$704,696	-\$271,128	-\$66,735,586		-\$66,735,586
					\$390,304		\$390,304
\$10,643	\$0	\$0	\$1,158,899	\$110,179	\$31,363,390	\$0	\$31,363,390
			\$420,146		\$420,146		\$420,146
\$10,643	\$0	\$0	\$1,579,045	\$110,179	\$31,783,536	\$0	\$31,783,536
\$366,419	\$10,992	\$81,051	\$9,442,169	\$2,245,372	\$53,812,689	\$0	\$53,812,689

(continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Balance Sheet
June 30, 2016

Submission Type: Audited/Uniform Guidance

	Project Total	14.267 Continuum of Care Program	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$186,820			
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$48,328			
322 Accrued Compensated Absences - Current Portion	\$148,370			
333 Accounts Payable - Other Government	\$405,857			
341 Tenant Security Deposits	\$340,231			
342 Unearned Revenue	\$18,009			
345 Other Current Liabilities	\$287,823			
346 Accrued Liabilities - Other	\$35,940			
310 Total Current Liabilities	\$1,471,378	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$276,508			
350 Total Non-Current Liabilities	\$276,508	\$0	\$0	\$0
300 Total Liabilities	\$1,747,886	\$0	\$0	\$0
400 Deferred Inflow of Resources				
508.3 Nonspendable Fund Balance				
508.4 Net Investment in Capital Assets	\$30,083,669			
511.4 Restricted Net Position				
512.4 Unrestricted Net Position	\$9,678,641	\$370	\$156,120	\$0
513 Total Equity - Net Assets / Position	\$39,762,310	\$370	\$156,120	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$41,510,196	\$370	\$156,120	\$0

Exhibit 3

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
\$55,120			\$433	\$3,909	\$246,282		\$246,282
\$16,487			\$129	\$79,812	\$144,756		\$144,756
\$56,991				\$262,348	\$467,709		\$467,709
					\$405,857		\$405,857
					\$340,231		\$340,231
\$3,861					\$21,870		\$21,870
\$8,931					\$296,754		\$296,754
					\$35,940		\$35,940
\$141,390	\$0	\$0	\$562	\$346,069	\$1,959,399	\$0	\$1,959,399
\$155,789				\$940,772	\$1,373,069		\$1,373,069
\$155,789	\$0	\$0	\$0	\$940,772	\$1,373,069	\$0	\$1,373,069
\$297,179	\$0	\$0	\$562	\$1,286,841	\$3,332,468	\$0	\$3,332,468
\$10,643			\$1,158,899	\$110,179	\$31,363,390		\$31,363,390
\$189,160					\$189,160		\$189,160
-\$130,563	\$10,992	\$81,051	\$8,282,708	\$848,352	\$18,927,671	\$0	\$18,927,671
\$69,240	\$10,992	\$81,051	\$9,441,607	\$958,531	\$50,480,221	\$0	\$50,480,221
\$366,419	\$10,992	\$81,051	\$9,442,169	\$2,245,372	\$53,812,689	\$0	\$53,812,689

(continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Income Statement
As of and For the Year Ended June 30, 2016

Submission Type: Audited/Uniform Guidance

	Project Total	14.267 Continuum of Care Program	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
70300 Net Tenant Rental Revenue	\$4,379,807			
70400 Tenant Revenue - Other	\$258,944			
70500 Total Tenant Revenue	\$4,638,751	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$6,715,146	\$112,985		\$11,628
70610 Capital Grants	\$475,279			
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70700 Total Fee Revenue				
71100 Investment Income - Unrestricted	\$5,656			
71400 Fraud Recovery	\$80,685	\$3,806		
71500 Other Revenue	\$266,546			
71600 Gain or Loss on Sale of Capital Assets	-\$53,483			
70000 Total Revenue	\$12,128,580	\$116,791	\$0	\$11,628
91100 Administrative Salaries	\$467,430	\$7,836		\$9,721
91200 Auditing Fees	\$37,950			
91300 Management Fee	\$1,032,930			
91310 Book-keeping Fee	\$134,776			
91400 Advertising and Marketing	\$9,170			
91500 Employee Benefit contributions - Administrative	\$156,119	\$1,696		\$1,907
91600 Office Expenses	\$129,870	\$2,211		
91700 Legal Expense	\$1,752			
91800 Travel	\$4,985			
91900 Other	\$90,096			
91000 Total Operating - Administrative	\$2,065,078	\$11,743	\$0	\$11,628
92000 Asset Management Fee	\$182,040			
92200 Relocation Costs	\$11,393			
92400 Tenant Services - Other	\$93,283			
92500 Total Tenant Services	\$104,676	\$0	\$0	\$0
93100 Water	\$29,736			
93200 Electricity	\$248,351			

Exhibit 3

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
					\$4,379,807		\$4,379,807
					\$258,944		\$258,944
\$0	\$0	\$0	\$0	\$0	\$4,638,751	\$0	\$4,638,751
\$7,416,055					\$14,255,814		\$14,255,814
					\$475,279		\$475,279
				\$1,159,696	\$1,159,696	-\$1,002,163	\$157,533
				\$182,040	\$182,040	-\$182,040	\$0
				\$213,542	\$213,542	-\$134,775	\$78,767
				\$1,555,278	\$1,555,278	-\$1,318,978	\$236,300
\$10			\$22,534	\$1,825	\$30,025		\$30,025
\$72,622					\$157,113		\$157,113
\$92,251			\$399,112	\$808,765	\$1,566,674	-\$663,253	\$903,421
\$2,678				-\$8,284	-\$59,089		-\$59,089
\$7,583,616	\$0	\$0	\$421,646	\$2,357,584	\$22,619,845	-\$1,982,231	\$20,637,614
\$291,183			\$45,486	\$940,226	\$1,761,882		\$1,761,882
\$6,180				\$2,340	\$46,470		\$46,470
\$157,534					\$1,190,464	-\$1,002,163	\$188,301
\$78,767					\$213,543	-\$134,775	\$78,768
\$583				\$9,083	\$18,836		\$18,836
\$120,725			\$9,848	\$339,133	\$629,428		\$629,428
\$93,646			\$329	\$102,138	\$328,194		\$328,194
			\$1,417	\$4,535	\$7,704		\$7,704
\$715				\$19,666	\$25,366		\$25,366
\$26,935			\$11,836	\$66,938	\$195,805		\$195,805
\$776,268	\$0	\$0	\$68,916	\$1,484,059	\$4,417,692	-\$1,136,938	\$3,280,754
					\$182,040	-\$182,040	\$0
					\$11,393		\$11,393
					\$93,283		\$93,283
\$0	\$0	\$0	\$0	\$0	\$104,676	\$0	\$104,676
			\$1,694	\$257	\$31,687		\$31,687
			\$11,665	\$3,466	\$263,482		\$263,482

(continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Income Statement
As of and For the Year Ended June 30, 2016

Submission Type: Audited/Uniform Guidance

	Project Total	14.267 Continuum of Care Program	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
93300 Gas	\$56,905			
93600 Sewer	\$24,797			
93000 Total Utilities	\$359,789	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$577,136			
94200 Ordinary Maintenance and Operations - Materials and Other	\$563,790			
94300 Ordinary Maintenance and Operations Contracts	\$5,057,198			
94500 Employee Benefit Contributions - Ordinary Maintenance	\$210,998			
94000 Total Maintenance	\$6,409,122	\$0	\$0	\$0
95100 Protective Services - Labor	\$66,626			
95200 Protective Services - Other Contract Costs	\$15,655			
95500 Employee Benefit Contributions - Protective Services	\$5,139			
95000 Total Protective Services	\$87,420	\$0	\$0	\$0
96110 Property Insurance	\$207,690			
96120 Liability Insurance	\$95,566			
96130 Workmen's Compensation	\$28,644			
96100 Total insurance Premiums	\$331,900	\$0	\$0	\$0
96200 Other General Expenses				
96210 Compensated Absences	\$71,757			
96300 Payments in Lieu of Taxes	\$405,857			
96400 Bad debt - Tenant Rents	\$205,849			
96000 Total Other General Expenses	\$683,463	\$0	\$0	\$0
96900 Total Operating Expenses	\$10,223,488	\$11,743	\$0	\$11,628
97000 Excess of Operating Revenue over Operating Expenses	\$1,905,092	\$105,048	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$878,237			
97300 Housing Assistance Payments		\$101,348		
97350 HAP Portability-In				
97400 Depreciation Expense	\$3,516,200			
97500 Fraud Losses		\$3,330		
90000 Total Expenses	\$14,617,925	\$116,421	\$0	\$11,628

Exhibit 3

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
			\$1,227	\$416	\$58,548		\$58,548
			\$256	\$185	\$25,238		\$25,238
\$0	\$0	\$0	\$14,842	\$4,324	\$378,955	\$0	\$378,955
			\$2,779	\$390,823	\$970,738		\$970,738
\$5,158			\$1,588	\$39,101	\$609,637		\$609,637
\$1,155			\$4,865	\$3,364	\$5,066,582	-\$551,562	\$4,515,020
			\$215	\$147,647	\$358,860		\$358,860
\$6,313	\$0	\$0	\$9,447	\$580,935	\$7,005,817	-\$551,562	\$6,454,255
					\$66,626		\$66,626
					\$15,655		\$15,655
					\$5,139		\$5,139
\$0	\$0	\$0	\$0	\$0	\$87,420	\$0	\$87,420
\$2,600			\$4,725	\$15,747	\$230,762		\$230,762
\$2,058			\$58	\$9,498	\$107,180		\$107,180
\$10,070				\$38,767	\$77,481		\$77,481
\$14,728	\$0	\$0	\$4,783	\$64,012	\$415,423	\$0	\$415,423
			\$30,000		\$30,000		\$30,000
\$60,139				\$211,358	\$343,254		\$343,254
					\$405,857		\$405,857
					\$205,849		\$205,849
\$60,139	\$0	\$0	\$30,000	\$211,358	\$984,960	\$0	\$984,960
\$857,448	\$0	\$0	\$127,988	\$2,344,688	\$13,576,983	-\$1,870,540	\$11,706,443
\$6,726,168	\$0	\$0	\$293,658	\$12,896	\$9,042,862	-\$111,691	\$8,931,171
					\$878,237	-\$111,691	\$766,546
\$6,494,472					\$6,595,820		\$6,595,820
\$78,868					\$78,868		\$78,868
\$6,406			\$92,421	\$38,543	\$3,653,570		\$3,653,570
\$8,821					\$12,151		\$12,151
\$7,446,015	\$0	\$0	\$220,409	\$2,383,231	\$24,795,629	-\$1,982,231	\$22,813,398

(continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Income Statement
As of and For the Year Ended June 30, 2016

Submission Type: Audited/Uniform Guidance

	Project Total	14.267 Continuum of Care Program	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
10010 Operating Transfer In				
10020 Operating transfer Out				
10091 Inter Project Excess Cash Transfer In	\$400,000			
10092 Inter Project Excess Cash Transfer Out	-\$400,000			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expense	-\$2,489,345	\$370	\$0	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$42,179,287	\$0	\$156,120	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Error	\$72,368			
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
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	17984	325		
11210 Number of Unit Months Leased	17763	325		
11270 Excess Cash	\$9,155,853			
11610 Land Purchases	\$0			
11620 Building Purchases	\$475,279			
11630 Furniture & Equipment - Dwelling Purchases	\$119,866			
11640 Furniture & Equipment - Administrative Purchases	\$0			
11650 Leasehold Improvements Purchases	\$0			
11660 Infrastructure Purchases	\$0			
13510 CFFP Debt Service Payments	\$0			
13901 Replacement Housing Factor Funds	\$0			

Exhibit 3

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	97.109 Disaster Housing Assistance Grant	1 Business Activities \$500,000	COCC	Subtotal	ELIM	Total
					\$500,000		\$500,000
				-\$500,000	-\$500,000		-\$500,000
					\$400,000	-\$400,000	\$0
					-\$400,000	\$400,000	\$0
\$0	\$0	\$0	\$500,000	-\$500,000	\$0	\$0	\$0
\$137,601	\$0	\$0	\$701,237	-\$525,647	-\$2,175,784	\$0	-\$2,175,784
\$0	\$0	\$0	\$0	\$0	\$0		\$0
-\$68,361	\$10,992	\$81,051	\$8,740,370	\$1,556,546	\$52,656,005		\$52,656,005
				-\$72,368	\$0		\$0

-\$119,920					-\$119,920		-\$119,920
\$189,160					\$189,160		\$189,160
18696					37005		37005
18165					36253		36253
					\$9,155,853		\$9,155,853
				\$0	\$0		\$0
				\$0	\$475,279		\$475,279
				\$0	\$119,866		\$119,866
				\$25,077	\$25,077		\$25,077
				\$0	\$0		\$0
				\$0	\$0		\$0
				\$0	\$0		\$0
				\$0	\$0		\$0

(concluded)

HOUSING AUTHORITY OF THE CITY OF MONROE

ACTUAL CAPITAL FUND
COST CERTIFICATE - CFP
June 30, 2016

Exhibit 4

1. The actual Capital Fund costs is as follows:

	PROJECT LA-48P006501-13
Funds Approved	\$ 2,052,352
Funds Expended	<u>2,052,352</u>
Excess of Funds Approved	<u><u>-</u></u>
Funds Advanced	2,052,352
Funds Expended	<u>2,052,352</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 June 10, 2015, 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.

STATISTICAL SECTION

**Housing Authority of the City of Monroe
Statistical Section
Contents**

	<u>Table Number</u>	<u>Page Number</u>
Financial Trends		
These schedules contain trend information to help the reader understand how the Housing Authority's financial performance and well being has changed over time.		
Net Position by Component	1	68
Changes in Net Position	2	69
Revenue Capacity		
This schedule contains information to help the reader assess the Housing Authority's most significant revenue source.		
General Fund Revenues by Source	3	70
Demographic and Economic Information		
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Housing Authority's financial activities take place.		
Tenant Demographics	4	71
Demographic and Economic Statistics	5	72
Principal Employers	6	73
Operating Information		
These schedules contain 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.		
Property Characteristics and Dwelling Unit Composition	7	74
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HOUSING AUTHORITY OF THE CITY OF MONROE

Net Position by Component
 Fiscal Years Ended June 30, 2007 through June 30, 2016
 (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net investment in capital assets	\$ 31,382,733	\$ 28,983,087	\$ 30,855,318	\$ 31,420,632	\$ 33,885,659	\$ 36,731,313	\$ 35,644,380	\$ 35,463,463	\$ 34,469,168	\$ 31,363,390
Restricted	924,004	1,025,137	525,379	703,543	607,284	356,954	407,318	18,807	154,626	189,160
Unrestricted	5,713,630	8,243,199	10,229,171	12,261,649	14,312,114	13,350,060	15,376,586	16,211,688	18,032,211	18,927,674
Total net position	\$ 38,020,367	\$ 38,251,423	\$ 41,609,668	\$ 44,385,824	\$ 48,805,057	\$ 50,438,327	\$ 51,428,284	\$ 51,693,958	\$ 52,656,005	\$ 50,480,224

HOUSING AUTHORITY OF THE CITY OF MONROE

Changes in Net Position
Fiscal Years Ended June 30, 2007 through June 30, 2016
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues										
Dwelling rental	\$ 2,807,100	\$ 3,164,386	\$ 3,211,979	\$ 3,388,086	\$ 3,349,432	\$ 3,395,763	\$ 3,598,384	\$ 3,964,000	\$ 4,100,781	\$ 4,379,807
Other	634,857	802,952	1,302,917	1,119,251	1,228,055	1,458,192	1,635,189	1,565,857	1,468,057	1,555,778
Federal grants	9,425,662	10,750,048	11,666,276	12,374,005	12,685,295	12,281,784	11,902,646	11,823,604	12,907,171	14,255,814
Total operating revenues	<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>	<u>18,476,009</u>	<u>20,191,399</u>
Operating Expenses										
Administration	2,382,853	2,635,568	2,542,052	3,530,597	3,248,924	2,919,618	3,048,675	3,138,980	3,197,155	3,280,757
Tenant services	384,774	215,115	225,417	81,529	66,246	111,297	63,897	117,279	172,699	104,674
Utilities	396,921	433,830	410,348	359,819	393,963	352,448	359,075	409,961	369,884	378,956
Ordinary maintenance & operations	2,085,887	2,124,954	2,391,345	2,440,800	2,852,076	3,216,455	3,195,123	3,270,470	3,007,479	7,232,949
Protective services	80,550	68,711	65,809	73,265	143,627	164,820	166,129	158,283	111,922	87,420
General expenses	667,092	896,368	1,410,402	1,292,643	1,306,456	1,259,721	1,129,036	1,307,706	1,200,209	1,400,380
Housing assistance payments	6,039,930	6,020,167	6,249,980	6,527,216	6,633,258	7,079,337	7,015,090	6,749,646	6,988,936	6,674,689
Nonroutine maintenance	42,608	29,342	45,717	0	0	0	0	0	0	0
Depreciation	2,723,296	2,843,882	3,119,499	3,182,945	3,393,658	3,590,084	3,667,184	3,721,468	3,676,837	3,653,570
Total operating expenses	<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>	<u>18,725,121</u>	<u>22,813,395</u>
Income (Loss) from Operations	<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>	<u>(249,112)</u>	<u>(2,621,996)</u>
Nonoperating Revenues (Expenses)										
Investment earnings and gains/losses	338,999	451,495	260,072	115,285	77,766	50,493	52,697	43,311	28,936	30,025
Gain (loss) disposal of capital assets	(1,003)	(15,979)	(5,767)	11,515	0	8,965	0	10,590	(230,021)	(59,089)
Total nonoperating revenues (expenses)	<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>	<u>(201,085)</u>	<u>(29,064)</u>
Net Income (Loss) before Contributions and Transfers	<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>	<u>(450,197)</u>	<u>(2,651,060)</u>
Capital Contributions	3,922,570	346,091	3,383,537	3,315,383	5,116,893	3,234,170	2,445,250	1,732,105	1,412,244	475,279
Special items	(500,000)	0	0	0	0	0	0	0	0	0
Change in Net Position	<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>	<u>\$ 962,047</u>	<u>\$ (2,175,781)</u>

HOUSING AUTHORITY OF THE CITY OF MONROE

General Fund Revenues by Source
Fiscal Years Ended June 30, 2007 Through 2016

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
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%
2015	4,100,781	40.92%	4,986,086	49.75%	7,714	0.08%	928,058	9.26%	10,022,639	100%
2016	4,379,807	36.38%	6,726,774	55.87%	7,481	0.06%	926,220	7.69%	12,040,282	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, 2007 Through June 30, 2016

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
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%
2015	1,518	1,497	98.62%	1,548	1,534	99.10%	3,066	3,031	98.86%
2016	1,499	1,480	98.73%	1,558	1,514	97.18%	3,057	2,994	97.94%

(1) General Fund total number of units reduced in 2016 due to significant flooding in March 2016 and units were temporarily off line while repairs were made.

Table 5

**HOUSING AUTHORITY OF THE CITY OF MONROE
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>
2007	51,555	5,092,604	29,561	5.6
2008	N/A	5,570,682	32,204	5.4
2009	51,208	5,610,656	32,365	9.0
2010	51,555	5,697,958	33,753	10.1
2011	48,815	6,098,000	33,930	10.5
2012	49,183	5,999,437	33,942	8.1
2013	49,156	6,012,791	33,846	7.5
2014	49,761	6,308,115	35,482	6.8
2015	49,601	6,480,620	36,293	6.6
2016	49,598	6,515,194	36,425	6.6

- (1) Population data is for Monroe City & obtained from U. S. Census Bureau.
- (2) Personal Income and Per Capita Income data is for metropolitan area & is obtained from Bureau of Economic Analysis, U. S Dept. of Commerce
- (3) Unemployment rate obtained from U. S. Bureau of Labor Statistics.

Table 6

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

Principal Employers

	2016			2009		
	Rank	Number of Employees	% of Total Employment	Rank	Number of Employees	% of Total Employment
Century Link (formerly known as CenturyTel)	1	2,360	3.49%	4	1,470	1.81%
St. Francis Medical Center	2	1,584	1.97%	2	1,600	1.97%
Monroe City School District	3	1,400	1.74%			
JP Morgan Chase Bank	4	1,291	1.61%	1	1,800	2.22%
Glenwood Regional Medical Center	5	1,156	1.44%	6	950	1.17%
City Monroe	6	1,083	1.35%			
Walmart	7	912	1.13%			
Graphic Packaging	9	850	1.06%	3	1,500	1.85%
ULM	10	827	1.03%			
Foster Farms				5	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: North Louisiana Economic Partnership, The News-Star

Notes:

(1) Principal employers information was only available since 2009. No information was available for 2007; therefore presented the latest information available.

HOUSING AUTHORITY OF THE CITY OF MONROE

Property Characteristics and Dwelling Unit Composition
June 30, 2016

Project Number	Name of Development	Address	Year built or acquired	Bedroom Composition						
				Zero	One	Two	Three	Four	Five	Total
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
N/A	Franciscan Apts.	109 South 4th Street, Monroe	7-Dec-14		8					8
Total Managed Units				0	435	212	0	0	0	647

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 2015 and 2006**

	2015			2006		
	Full Time	Part Time	Total	Full Time	Part Time	Total
Administrative	38	9	47	34	3	37
Capital Fund	0	0	0	4	1	5
Maintenance	26	14	40	32	5	37
Security Attendants	0	12	12	0	16	16
Trash Pick-Up	0	0	0	0	3	3
Students	0	12	12	0	5	5
	64	47	111	70	33	103

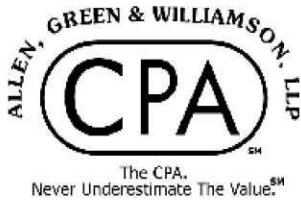
Source: Records of the Housing Authority of the City of Monroe.

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

**Single Audit Report
For the Year Ended June 30, 2016**

**Housing Authority of the City of Monroe
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Matt Carmichael, CPA
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Audit Manager: Margie Williamson, CPA

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

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

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 the Housing Authority of the City of Monroe as of and for the year ended June 30, 2016, 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 December 27, 2016.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
December 27, 2016



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 the Uniform Guidance

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 the Housing Authority of the City of Monroe's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a certain deficiency in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, that we consider to be a significant deficiency.

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 the Uniform Guidance. 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 the Uniform Guidance

We have audited the financial statements of each major fund of the Housing Authority, as of and for the year ended June 30, 2016 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 December 27, 2016, 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 the Uniform Guidance 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
December 27, 2016

**Housing Authority of the City of Monroe
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

FEDERAL GRANTOR/ <u>PASS-THROUGH GRANTOR/PROGRAM NAME</u>	CFDA <u>Number</u>	Pass-Through <u>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	LA 006-00000115D	\$ 2,296,397
Low Rent Public Housing	14.850	LA 006-00000116D	<u>2,266,436</u>
Low Rent Public Housing Total			\$ 4,562,833
Section 8 Housing Choice Voucher Program	14.871	LA006VO, LA006AF	7,416,055
Resident Opportunity and Supportive Services	14.870	LA006RPS103A012	11,628
Continuum of Care	14.267	LA0158L6H051304, LA0158L6H051406 (SNAP)	112,985
Public Housing Capital Fund Program	14.872	LA48P006501-14, LA48P006501-15	<u>2,627,592</u>
Total Cash Federal Awards			<u>\$ 14,731,093</u>

Housing Authority of the City of Monroe
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

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. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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	\$ 14,255,814
Capital contributions	475,279
Total	<u><u>\$ 14,731,093</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 - MAJOR FEDERAL AWARDS PROGRAMS The dollar threshold of \$750,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. Federal awards do not include the Housing Authority's operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

NOTE 6 - DE MINIMIS INDIRECT COST RATE The Housing Authority did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Housing Authority of the City of Monroe
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

PART I - Summary of the Auditor's 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 were no instances of noncompliance as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There was one significant deficiency required to be disclosed by the Uniform Guidance (2 CFR 200). The significant deficiency was not considered to be a material weakness.
- v. The type of report the auditor issued on compliance for major programs was unmodified.
- vi. The audit disclosed one audit finding which the auditor is required to report under the Uniform Guidance.
- vii. The major federal program is:
 - CFDA# 14.850 Low Rent Public Housing
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in the Uniform Guidance (2 CFR 200) was \$750,000.
- ix. The auditee does qualify as a low-risk auditee under the Uniform Guidance (2 CFR 200)

**Housing Authority of the City of Monroe
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

PART III – Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance:

Reference # and title: 2016-001 Test of Tenant Participation Funds

<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 Public and Indian Housing Program	14.850	2015 & 2016

Criteria or specific requirement: When tenant participation funds are provided to a Public Housing Authority (PHA), the PHA must provide those funds to duly elected resident councils. Funding provided by a PHA to a duly elected resident council may be made only under a written agreement between the PHA and the resident council that includes a resident council budget. PHAs are permitted to fund \$25 per unit per year for units represented by duly elected resident councils for resident services. Of this \$25, \$15 per unit per year is provided to fund tenant participation activities. The agreement must require the local resident council to account to the PHA for the use of the funds and permit the PHA to inspect and audit the resident council's financial records related to the agreement (24 CFR section 964.150).

Condition found: In testing a sample of expenditures paid with resident council funds and reviewing the agreements and budgets for the resident councils, the following was noted:

- In testing a sample of six expenditures paid with resident council funds, it was noted that three invoices were not signed off by members of the resident council.
- In reviewing the agreements between the PHA and the resident council, it was noted that the by-laws have not been updated in years to reflect the current practices of the resident council.
- In reviewing the budgets prepared for the resident participation funds, it was noted that the unused funds for one project from the previous year were carried forward incorrectly into current year's budget. It was also noted that the incorrect funds were allocated to this same project. The PHA allocated the minimum amount per the regulation, which only requires \$15 per unit per year to be provided to fund tenant participation activities; however, the PHA's practice has been to allocate \$25 per unit.

Context: Requested copies of agreements between the Housing Authority and Resident Council along with annual budgets were reviewed. It was determined that there was a systemic problem regarding agreements not being updated; however, the budget allotment was an isolated instance. Additionally, it appears to be a systemic problem regarding resident council approvals for expenses.

Possible asserted effect (cause effect):

Cause: The auditor was unable to determine the cause.

Effect: The Housing Authority may have not met all federal requirements under special test and provisions regarding tenant participation funds.

Recommendations to prevent future occurrences: Policies and procedures should be established to ensure that adequate controls are in place to account for tenant participation funds. Agreements between the PHA and the resident council should be reviewed by management on a regular basis to ensure that changes in practices are reflected in the agreements.

**Housing Authority of the City of Monroe
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

PART III – Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance:

View of Responsible Official: We pulled copies of other expenditures regarding use of tenant funds and verified that those had been signed for by members of the appropriate resident council. Unfortunately, there were these instances where the resident’s signature was missing. The items in question were found to be on their budget.

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, 2016**

Reference # and title: **2015-001** **Test of the Waiting List and New Move-ins**

Origination Date: This finding originated fiscal year ended June 30, 2014.

<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 Public and Indian Housing Program	14.850	2015

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.

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.

Corrective action taken: New software will be implemented before the next fiscal year. In the meantime, the tenant placement coordinator checks the settings before each draw to verify that the settings are in accordance with the Monroe Housing Authority admissions policy. This finding is considered to be cleared.

Reference # and title: **2015-002** **Test of the Eligibility**

Origination Date: This finding originated fiscal year ended June 30, 2015.

<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 Resident Opportunity and Supportive Services	14.870	2012

Condition: Based on the application of the grant and the Resident Opportunity and Supportive Services (ROSS) Notice of Funding Availability (NOFA), all residents assisted by ROSS must be residents of conventional public housing.

During the testing of the ROSS program, it was noted some individuals, that are not residents of conventional public housing are being provided assisted under this program.

Corrective action taken: Housing Managers will be giving grant participants vouchers attesting to their status as Housing Authority residents for future grants. Unless a participant has one of those vouchers, the participant will not be allowed to receive services under the Resident Opportunity and Supportive Services Grant (ROSS). The Housing Authority’s ROSS grant was completed in the fiscal year and did not receive new funding; therefore, this finding is considered to be 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, 2016**

Reference # and title: **2016-001** **Test of Tenant Participation Funds**

<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 Public and Indian Housing Program	14.850	2015 & 2016

Condition: When tenant participation funds are provided to a Public Housing Authority (PHA), the PHA must provide those funds to duly elected resident councils. Funding provided by a PHA to a duly elected resident council may be made only under a written agreement between the PHA and the resident council that includes a resident council budget. PHAs are permitted to fund \$25 per unit per year for units represented by duly elected resident councils for resident services. Of this \$25, \$15 per unit per year is provided to fund tenant participation activities. The agreement must require the local resident council to account to the PHA for the use of the funds and permit the PHA to inspect and audit the resident council's financial records related to the agreement (24 CFR section 964.150).

In testing a sample of expenditures paid with resident council funds and reviewing the agreements and budgets for the resident councils, the following was noted:

- In testing a sample of six expenditures paid with resident council funds, it was noted that three invoices were not signed off by members of the resident council.
- In reviewing the agreements between the PHA and the resident council, it was noted that the by-laws have not been updated in years to reflect the current practices of the resident council.
- In reviewing the budgets prepared for the resident participation funds, it was noted that the unused funds for one project from the previous year were carried forward incorrectly into current year's budget. It was also noted that the incorrect funds were allocated to this same project. The PHA allocated the minimum amount per the regulation, which only requires \$15 per unit per year to be provided to fund tenant participation activities; however, the PHA's practice has been to allocate \$25 per unit.

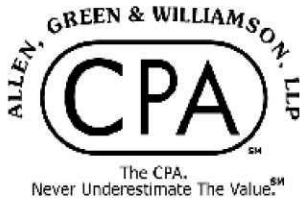
Corrective action planned: New policies and procedures will be established and presented to the residents at the time of their budget consideration. The procedures will include that at minimum, 2 representatives from the resident councils will sign off on any invoice that is paid with resident participation funds.

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: March, 2017



ALLEN, GREEN & WILLIAMSON, LLP

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(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 each major fund of the Housing Authority of the City of Monroe as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving internal control that are presented for your consideration. This letter does not affect our report dated December 27, 2016, on the financial statements of the Housing Authority. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comments and management's response are summarized as follows:

2016-M1 Testing of Journal Entries

Comment: In testing a sample of fifty-five manual journal entries, the following was noted:

- The Housing Authority drew down money to COCC from budget line item 1406 in error.
- When recording compensated absences balances, the Housing Authority used the amounts for leave used instead of the amounts for leave earned.

Also, it was noted that journal entries do not always have copies of supporting documentation attached, but rather maintained in other areas. Furthermore, journal entries are not reviewed/signed off by another person.

Recommendation: The Housing Authority should establish policies and procedures to ensure all journal entries are supported by adequate documentation. Procedures should also be established to ensure journal entries are being reviewed by a second person.

Management's response: HUD has specified that 10% of a CFP grant may be charged to Capital Funds for management fees due to the Central Office Cost Center for administering the grant. This has always been under line item 1406. A different line item was on the CFP budget for this particular year. Someone other than the person who entered the journal entry will be reviewing 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, 2016, 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.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this letter 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.

A handwritten signature in cursive script that reads "Allen, Green & Williamson, LLP".

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 27, 2016