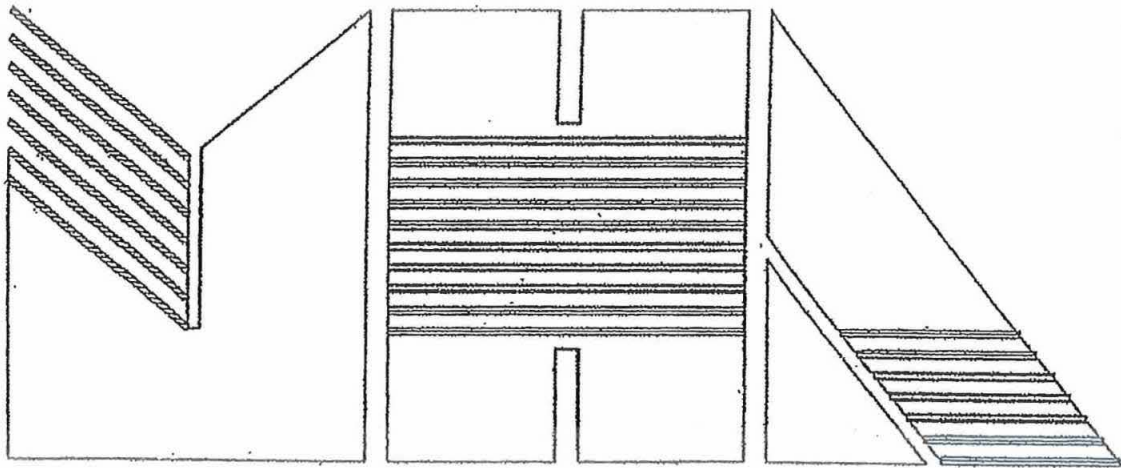


Housing Authority of the City of Monroe

Monroe, Louisiana



Comprehensive Annual Financial Report

As Of And For the Year Ended June 30, 2018

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

Comprehensive Annual Financial Report

As of And For the Year Ended June 30, 2018

**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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Housing Authority of the City of Monroe

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INTRODUCTORY SECTION



MONROE HOUSING AUTHORITY

December 22, 2018

Hal Hinchliffe, 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, 2018, 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 Performance" from the Department of Housing and Urban Development. This is a result of a dedicated caring staff and management's decision to set a High Performance rating as one of their highest goals.

We are continuing with renovations to the kitchen and bath areas of our Robinson Place and Lock Breece communities. We will begin renovations estimated at \$4.3 million at our Johnson-Carver community and will begin expansion of the Burg Jones community room and management office. We are one of 7 Housing Authorities in the United States to receive the Jobs Plus grant. This \$2.3 million award will benefit our residents in our Burg Jones community with special emphasis on work force development.



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 also manage 16 units specifically designed for handicapped families. We plan to add 50 tax credit, mixed finance, new construction single family homes within the Robinson Place community with an estimated cost of \$9 million.



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.

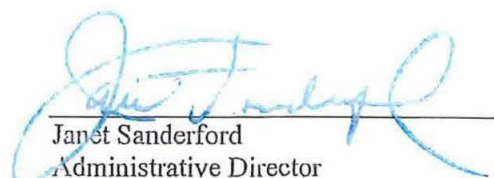
I. Award The Government Finance Officers Association (GFOA) of the United States and Canada issues a Certificate of Achievement for Excellence in Financial Reporting to governments for their Comprehensive Annual Financial Report. To be awarded this certificate, a government must publish an easily readable 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. The Housing Authority has received the GFOA Certificate since 1998.

Management believes that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018, which will be submitted to GFOA for review, will conform to the principles and standards of this organization.

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



Frank L. Wilcox
Executive Director



Janet Sanderford
Administrative Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

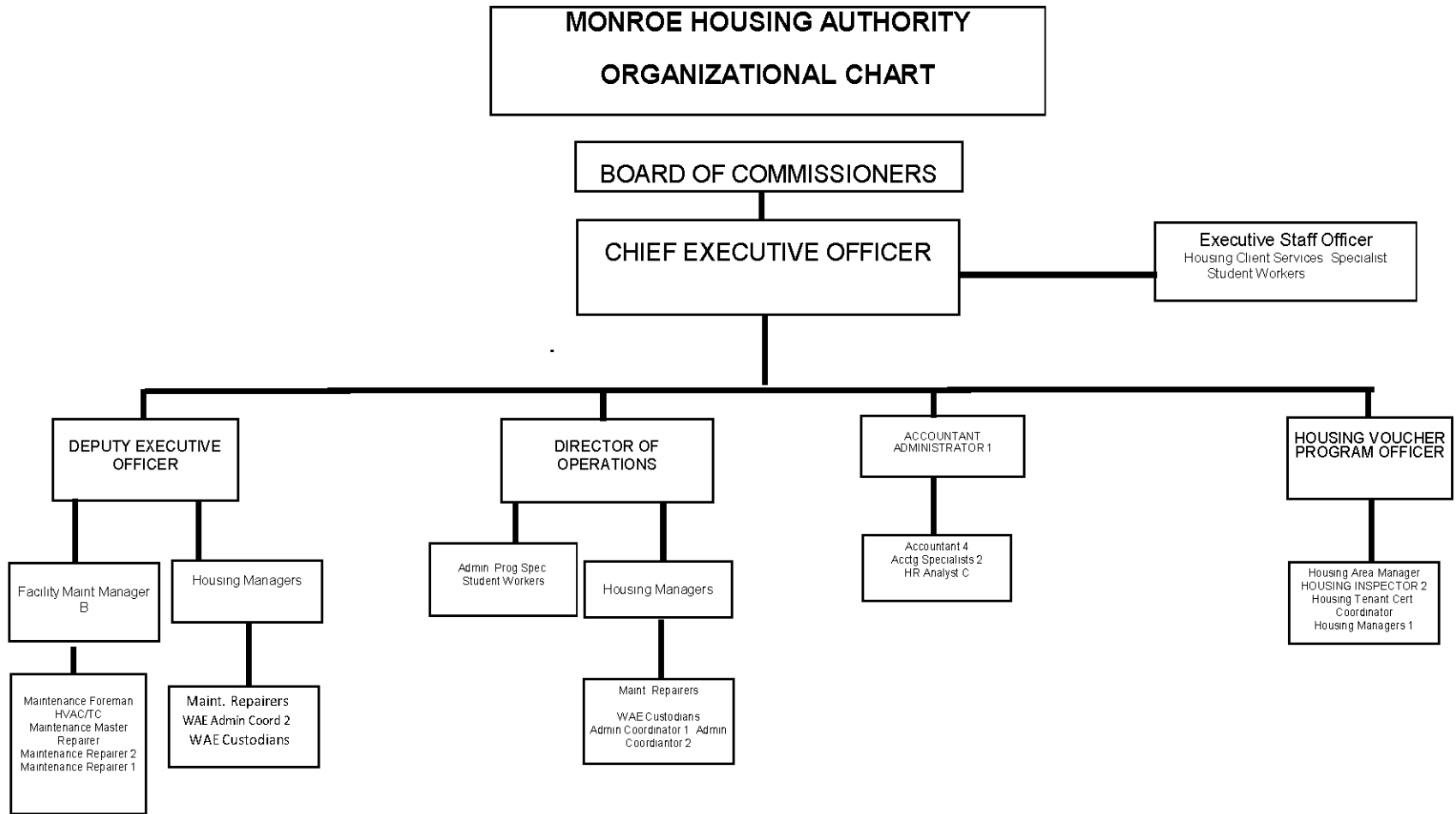
Executive Director/CEO

Housing Authority of the City of Monroe

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Housing Authority of the City of Monroe

Organizational chart



Housing Authority of the City of Monroe

**Appointed Officials
Board of Commissioners**

Mr. Hal Hinchliffe, Chairman

Mr. Rick Miller, Vice Chairman

Mr. Joe Farr

Ms. Patricia Gix

Ms. Beverly V. Lewis

Selected Administrative Officials

Frank L. Wilcox

Executive Director

Bobby Simmons

Deputy Director

Cheryl Farmer

Director of Operations

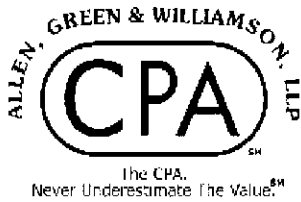
Janet Sanderford

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

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Amy Tynes, CPA, CFE
Aimee Buchanan, CPA
Nicia Bamburg, CPA, CFE
Principal: Cindy Thomason, CPA

Sandra Harper, CPA
Jemie Henry, CPA
Mallory Stone, 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, 2018, 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, 2018, 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 22, 2018 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 the effectiveness of the Housing Authority's 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 22, 2018

Housing Authority of the City of Monroe

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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, 2018**

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 9 through 12 of this report. Dollar amounts presented in the MD&A are presented in thousands.

FINANCIAL HIGHLIGHTS In fiscal year 2018, 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 \$47,750 (*net position*). Of this amount, \$23,272 may be used to meet the government's ongoing obligations to citizens and creditors.
- The Housing Authority's total net position decreased by \$269 for current year which is mostly attributable to \$3,640 depreciation expense for capital assets.
- At the end of the current fiscal year, unrestricted net position for the general fund was \$13,612 or 111% 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 is 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 consists 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, 2018**

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 \$47,750 at June 30, 2018. Of this amount, \$23,272 was unrestricted. Restricted net position of \$33 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, and the DHAP 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, 2018

Table 1
Net Position
(in thousands)
June 30,

	2018	2017	Variance
Current assets	\$ 24,266	\$ 21,497	\$ 2,769
Capital assets	24,445	27,991	(3,546)
Other noncurrent assets	2,147	1,865	282
Total assets	<u>50,858</u>	<u>51,353</u>	<u>(495)</u>
Current liabilities	1,643	1,971	(328)
Noncurrent liabilities	<u>1,465</u>	<u>1,363</u>	<u>102</u>
Total liabilities	<u>3,108</u>	<u>3,334</u>	<u>(226)</u>
Net position			
Investment in capital assets	24,445	27,991	(3,546)
Restricted	33	-	33
Unrestricted	<u>23,272</u>	<u>20,028</u>	<u>3,244</u>
Total net position	<u>\$ 47,750</u>	<u>\$ 48,019</u>	<u>\$ (269)</u>

Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2018

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

	2018	2017	Variance
Beginning net position	\$ 48,019	\$ 50,480	\$ (2,461)
Revenues:			
Operating revenues			
Rental and other	6,623	6,134	489
Federal grants	14,048	13,869	179
Total operating revenues	<u>20,671</u>	<u>20,003</u>	<u>668</u>
Expenses:			
Operating expenses			
Administration	3,353	3,298	55
Tenant services	77	158	(81)
Utilities	401	445	(44)
Ordinary maintenance and operations	4,429	6,417	(1,988)
Protective services	79	77	2
General expenses	1,605	1,512	93
Housing assistance payments	7,473	7,092	381
Depreciation	3,640	3,541	99
Total expenses	<u>21,057</u>	<u>22,540</u>	<u>(1,483)</u>
Non-operating revenues			
Interest earnings	109	31	78
Gain(Loss) on sale of equipment	8	12	(4)
Total non-operating revenues	<u>117</u>	<u>43</u>	<u>74</u>
Net income (loss) before capital contributions	(269)	(2,494)	2,225
Capital contributions	<u>-</u>	<u>33</u>	<u>(33)</u>
Increase (decrease) in net position	<u>(269)</u>	<u>(2,461)</u>	<u>2,192</u>
Ending net position	<u>\$ 47,750</u>	<u>\$ 48,019</u>	<u>\$ (269)</u>

**Housing Authority of the City of Monroe
Management's Discussion and Analysis (MD&A)
June 30, 2018**

Total operating revenues increased \$668.

- The general fund's operating revenue had a slight increase of \$8.
- The Section 8 fund's operating revenue increased \$616 due to increased units leased.
- The management fees' operating revenue increased \$44 due to properties paying 13 months management fees. This was due to a shortage of one month payment last year.

Total operating expenses decreased \$1,483.

- The general fund's operating expenses decreased \$1,891. This change was due primarily to the fact that repairs associated with the flood of 2016 had all been completed in 2017 resulting in less maintenance costs for fiscal year 2018.
- The Section 8 funds operating expenses increased \$412. This change was due to an increase in units leased.
- The management fees' operating expenses had a slight increase of \$3.
- The Monroe housing facilities' operating expenses had a slight decrease of \$8.

Capital contributions decreased \$33 because no new construction projects had begun, only improvements to get existing properties back to its original state. \$33 in capital contributions last year reflected the cost of the new gazebo at Francis Towers.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the Housing Authority had \$24,445 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 \$3,546 or 12.7%, from last year.

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

	2018	2017
Land	\$ 2,522	\$ 2,483
Buildings and site improvements	21,623	25,146
Furniture and equipment	300	362
Totals	\$ 24,445	\$ 27,991

This year's decrease of \$3,546 is mainly due to depreciation costs and the sale of 4 vehicles.

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, 2018**

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

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BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF MONROE

**ENTERPRISE FUNDS
Statement of Net Position
June 30, 2018**

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 6,324,896	\$ 384,497	\$ 397,364
Investments	8,863,653	-	-
Accounts receivable, net	480,045	55,611	-
Notes receivable	-	-	-
Interfund receivable	36,627	-	-
Prepaid items and other assets	321,404	3,326	-
Inventory	14,413	-	-
Restricted assets			
Cash for deposits due others	375,176	10,206	-
Total Current assets	16,416,214	453,640	397,364
Noncurrent Assets:			
Notes receivable	-	-	-
Capital Assets, net			
Land and construction in progress	2,062,904	-	-
Buildings and equipment (net)	21,363,824	4,006	-
Total noncurrent assets	23,426,728	4,006	-
TOTAL ASSETS	\$ 39,842,942	\$ 457,646	\$ 397,364

Statement A

MONROE HOUSING FACILITIES	TOTAL GOVERNMENT
\$ 2,342,869	\$ 9,449,626
4,442,022	13,305,675
92,776	628,432
120,621	120,621
-	36,627
-	324,730
-	14,413
-	385,382
<u>6,998,288</u>	<u>24,265,506</u>
2,146,938	2,146,938
459,000	2,521,904
<u>555,353</u>	<u>21,923,183</u>
<u>3,161,291</u>	<u>26,592,025</u>
<u>\$ 10,159,579</u>	<u>\$ 50,857,531</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MONROE

**ENTERPRISE FUNDS
Statement of Net Position
June 30, 2018**

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 130,316	\$ 155	\$ 106
Interfund payable	-	-	-
Accrued liabilities	531,864	16,006	-
Unearned revenue	21,372	1,118	-
Current portion of compensated absences payable	453,509	59,428	-
Current Liabilities Paid with Restricted Assets			
Deposits due others	<u>375,176</u>	<u>11,348</u>	<u>-</u>
Total Current Liabilities	1,512,237	88,055	106
Noncurrent Liabilities			
Compensated absences payable	<u>1,291,764</u>	<u>172,744</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,804,001</u>	<u>260,799</u>	<u>106</u>
NET POSITION			
Investment in capital assets	23,426,728	4,006	-
Restricted for HAP	-	32,506	-
Unrestricted	<u>13,612,213</u>	<u>160,335</u>	<u>397,258</u>
TOTAL NET POSITION	<u>\$ 37,038,941</u>	<u>\$ 196,847</u>	<u>\$ 397,258</u>

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

Statement A

MONROE HOUSING FACILITIES	TOTAL GOVERNMENT
\$ 6,249	\$ 136,826
36,627	36,627
-	547,870
-	22,490
-	512,937
-	<u>386,524</u>
42,876	1,643,274
-	<u>1,464,508</u>
<u>42,876</u>	<u>3,107,782</u>
1,014,353	24,445,087
-	32,506
<u>9,102,350</u>	<u>23,272,156</u>
<u>\$ 10,116,703</u>	<u>\$ 47,749,749</u>

(CONCLUDED)

HOUSING AUTHORITY OF THE CITY OF MONROE

ENTERPRISE FUNDS
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2018

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>
OPERATING REVENUES			
Dwelling rental	\$ 4,339,245	\$ -	\$ -
Other	1,619,382	224,781	391,257
Federal grants	5,717,414	8,330,353	-
Total operating revenues	<u>11,676,041</u>	<u>8,555,134</u>	<u>391,257</u>
OPERATING EXPENSES			
Administration	2,467,663	777,802	70,688
Tenant services	76,852	-	-
Utilities	388,122	-	-
Ordinary maintenance & operations	4,343,745	26,680	216
Protective services	78,996	-	-
General expenses	1,342,455	232,713	25,000
Housing assistance payments	-	7,473,548	-
Depreciation	3,545,455	2,672	-
Total operating expenses	<u>12,243,288</u>	<u>8,513,415</u>	<u>95,904</u>
Income (loss) from Operations	<u>(567,247)</u>	<u>41,719</u>	<u>295,353</u>
Nonoperating revenues (expenses)			
Investment earnings and gains/losses	30,174	30	-
Gains/losses on disposal of capital assets	7,651	-	-
Total nonoperating revenues (expenses)	<u>37,825</u>	<u>30</u>	<u>-</u>
Net Income (Loss) before transfers	<u>(529,422)</u>	<u>41,749</u>	<u>295,353</u>
Transfers in	-	-	-
Transfers out	<u>(741,574)</u>	<u>-</u>	<u>(1,000,000)</u>
Total transfers	<u>(741,574)</u>	<u>-</u>	<u>(1,000,000)</u>
Change in net position	<u>(1,270,996)</u>	<u>41,749</u>	<u>(704,647)</u>
NET POSITION AT BEGINNING OF YEAR	<u>38,309,937</u>	<u>155,098</u>	<u>1,101,905</u>
NET POSITION AT END OF YEAR	<u>\$ 37,038,941</u>	<u>\$ 196,847</u>	<u>\$ 397,258</u>

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

Statement B

MONROE HOUSING FACILITIES	TOTAL GOVERNMENT
\$ -	\$ 4,339,245
48,000	2,283,420
-	14,047,767
<u>48,000</u>	<u>20,670,432</u>
36,703	3,352,856
-	76,852
12,509	400,631
58,192	4,428,833
-	78,996
5,228	1,605,396
-	7,473,548
91,773	3,639,900
<u>204,405</u>	<u>21,057,012</u>
(156,405)	(386,580)
79,385	109,589
-	7,651
<u>79,385</u>	<u>117,240</u>
(77,020)	(269,340)
1,741,574	1,741,574
-	(1,741,574)
<u>1,741,574</u>	<u>-</u>
1,664,554	(269,340)
8,452,149	48,019,089
<u>\$ 10,116,703</u>	<u>\$ 47,749,749</u>

HOUSING AUTHORITY OF THE CITY OF MONROE

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2018**

	GENERAL	TENANT BASED SECTION 8	MANAGEMENT FEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 4,349,843	\$ -	\$ -
Other receipts	1,395,546	246,338	391,257
Payments to vendors	(5,497,258)	(656,563)	(15,260)
Payments to employees	(3,493,625)	(392,945)	(55,538)
Payments to private landlords	-	(7,472,430)	-
Payments to others	-	-	(25,000)
Federal grants	5,982,635	8,330,353	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,737,141	54,753	295,459
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in/out	(741,574)	-	(1,000,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase capital assets	(57,194)	-	-
Proceeds from sale of capital assets	9,489	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(789,279)	-	(1,000,000)
CASH FLOW FROM INVESTING ACTIVITIES:			
Investment earnings and gains/losses	30,174	26	-
Purchase of investments	(1,030,169)	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ (999,995)	\$ 26	\$ -

Statement C

MONROE HOUSING FACILITIES	TOTAL GOVERNMENT
\$ -	\$ 4,349,843
48,000	2,081,141
(112,632)	(6,281,713)
-	(3,942,108)
-	(7,472,430)
(278,396)	(303,396)
-	14,312,988
(343,028)	2,744,325
1,741,574	-
(39,000)	(96,194)
-	9,489
1,702,574	(86,705)
79,385	109,585
(1,016,366)	(2,046,535)
\$ (936,981)	\$ (1,936,950)

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF MONROE

**ENTERPRISE FUNDS
Statement of Cash Flows
For the Year Ended June 30, 2018**

	<u>GENERAL</u>	<u>TENANT BASED SECTION 8</u>	<u>MANAGEMENT FEES</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 947,867	\$ 54,779	\$ (704,541)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,752,205</u>	<u>339,924</u>	<u>1,101,905</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>6,700,072</u></u>	<u><u>394,703</u></u>	<u><u>397,364</u></u>
Reconciliation to financial statements:			
Cash	6,324,896	384,497	397,364
Restricted cash (deposits due others)	<u>375,176</u>	<u>10,206</u>	<u>-</u>
	<u><u>6,700,072</u></u>	<u><u>394,703</u></u>	<u><u>397,364</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(567,247)	41,719	295,353
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	3,545,455	2,672	-
Change in assets and liabilities:			
Accounts receivables, net	33,700	21,557	-
Notes receivable, net	-	-	-
Interfund receivables	(18,916)	-	-
Inventories	(12,939)	-	-
Prepaid items and other assets	(8,830)	-	-
Accounts payable	(395,965)	(21,149)	106
Accrued expenses	(1,679)	630	-
Unearned revenue	6,695	1,118	-
Interfund payables	-	-	-
Deposits due others	11,588	(2,152)	-
Compensated absences	<u>145,279</u>	<u>10,358</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 2,737,141</u></u>	<u><u>\$ 54,753</u></u>	<u><u>\$ 295,459</u></u>

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

Statement C

<u>MONROE HOUSING FACILITIES</u>	<u>TOTAL GOVERNMENT</u>
\$ 422,565	\$ 720,670
<u>1,920,304</u>	<u>9,114,338</u>
<u>2,342,869</u>	<u>9,835,008</u>
2,342,869	9,449,626
<u>-</u>	<u>385,382</u>
<u>2,342,869</u>	<u>9,835,008</u>
(156,405)	(386,580)
91,773	3,639,900
(12,000)	43,257
(285,075)	(285,075)
-	(18,916)
-	(12,939)
-	(8,830)
(237)	(417,245)
-	(1,049)
-	7,813
18,916	18,916
-	9,436
<u>-</u>	<u>155,637</u>
<u>\$ (343,028)</u>	<u>\$ 2,744,325</u>

(CONCLUDED)

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2018

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Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2018

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)	1558
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, 2018

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, 2018

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, 2018

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 acquisition value. 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 full-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, 2018

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 \$23,140,683, which includes \$13,305,675 held in certificates of deposit that are classified as investments and \$385,382 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, 2018 the Housing Authority bank balance was \$23,597,672, in which \$22,097,672 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, 2018, are as follows:

Class of Receivables	General	Tenant Based Section 8	Monroe Housing Facilities	Total
Local sources:				
Tenants	\$ 44,562	\$ -	\$ -	\$ 44,562
Other	414,574	55,611	92,776	562,961
Federal sources:				
Due from HUD	20,909	-	-	20,909
Total	\$ 480,045	\$ 55,611	\$ 92,776	\$ 628,432

The tenants account receivable is net of an allowance for doubtful accounts of \$4,952. 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 \$35,122.

NOTE 4 - NOTES 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 in the amount of \$541,648 at an interest rate of 3%. The amount of the note receivable at June 30, 2018 was \$387,375. Of this amount, \$33,727 is due within a year to Monroe Housing Facilities.

During the fiscal year ended June 30, 2017, the Housing Authority's Monroe Housing Facilities fund entered into two notes receivables. One note was with Claiborne Creek I for \$877,731 and the other note was with

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2018

Claiborne Creek II for \$691,560, in order to provide a bridge loan until permanent financing could be arranged, at an interest rate of 3%. The amount of these notes receivable at June 30, 2018 was \$1,478,049 in which \$86,894 is due within one year.

During the fiscal year ended June 30, 2018, the Housing Authority had approved for the Monroe Housing Facilities fund to enter into a notes receivable with Robinson Place II Development up to \$2,000,000 to facilitate financing to construct the new development at an interest rate of 4%. The Robinson Place II Development is still in the construction phase and utilized \$402,135 for construction at fiscal year-end. The financing will continue until the construction is complete; therefore, no amounts are recognized due within one year.

The Housing Authority expects to receive the notes receivable in full; and therefore, no allowance for doubtful accounts was recorded.

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

	Balance Beginning	Additions	Deletions	Balance Ending
Capital Assets, nondepreciable				
Land	\$ 2,482,904	\$ 39,000	\$ -	\$ 2,521,904
Total capital assets, non depreciable	<u>2,482,904</u>	<u>39,000</u>	<u>-</u>	<u>2,521,904</u>
Capital assets, depreciable				
Buildings and site improvements	93,998,035	-	-	93,998,035
Furniture and equipment	1,740,249	57,194	75,722	1,721,721
Total capital assets, depreciable	<u>95,738,284</u>	<u>57,194</u>	<u>75,722</u>	<u>95,719,756</u>
Less accumulated depreciation				
Buildings and site improvements	68,852,423	3,522,172	-	72,374,595
Furniture and equipment	1,378,134	117,728	73,884	1,421,978
Total	<u>70,230,557</u>	<u>3,639,900</u>	<u>73,884</u>	<u>73,796,573</u>
Net Depreciable Assets	<u>25,507,727</u>	<u>(3,582,706)</u>	<u>1,838</u>	<u>21,923,183</u>
Total capital assets, net	<u>\$ 27,990,631</u>	<u>\$ (3,543,706)</u>	<u>\$ 1,838</u>	<u>\$ 24,445,087</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. The Housing Authority does not have any assets in a trust to fund pension benefits.

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

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2018

employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

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

The Housing Authority's contributions were calculated using the base salary amount of \$2,870,004. The members' contributions were \$6,782 for the year ended June 30, 2018. The Housing Authority made the required contributions of \$401,724 for the year ended June 30, 2018.

During the fiscal year ended June 30, 2018, the Housing Authority had \$2,482 in forfeitures that was recognized in the current year pension expense. At June 30, 2018, the Housing Authority had \$1,062 in payables to the retirement plan for the June 2018 employee and employer required contributions.

NOTE 7 - ACCOUNTS PAYABLE The payables at June 30, 2018, are as follows:

	General	Tenant Based Section 8	Management Fees	Monroe Housing Facilities	Total
Vendors	\$ 77,299	\$ 155	\$ 106	\$ 6,249	\$ 83,809
Retainage Payable	53,017	-	-	-	53,017
Total	<u>\$ 130,316</u>	<u>\$ 155</u>	<u>\$ 106</u>	<u>\$ 6,249</u>	<u>\$ 136,826</u>

NOTE 8 - ACCRUED LIABILITIES The accrued liabilities at June 30, 2018, are as follows:

	General	Tenant Based Section 8	Total
Payments in lieu of taxes	\$ 399,418	\$ -	\$ 399,418
Salaries and benefits	132,446	16,006	148,452
Total	<u>\$ 531,864</u>	<u>\$ 16,006</u>	<u>\$ 547,870</u>

NOTE 9 - COMPENSATED ABSENCES At June 30, 2018, employees of the Housing Authority have accumulated and vested \$1,977,445 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, 2018:

	Compensated Absences
Beginning Balance	\$ 1,821,812
Additions	437,203
Deletions	281,570
Ending Balance	<u>\$ 1,977,445</u>
Amounts Due Within One Year	<u>\$ 512,937</u>

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2018

NOTE 11 - INTERFUND TRANSACTIONS

Interfund receivables/payables at June 30, 2018, are as follows:

<u>Receivable</u>	<u>Amount</u>	<u>Payable</u>	<u>Amount</u>
General Fund	\$ 36,627	Monroe Housing Facilities	\$ 36,627

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 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, 2018, are as follows:

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
Monroe Housing Facilities	\$ 741,574	General Fund	\$ 741,574
Monroe Housing Facilities	1,000,000	Management Fees	1,000,000
Total	<u>\$ 1,741,574</u>	Total	<u>\$ 1,741,574</u>

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

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation At June 30, 2018, 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 contracts at June 30, 2018. The Housing Authority had one open contract at fiscal year end for repairs and renovations at Robinson Development. The contract of \$2,532,000 had \$2,359,635 remaining at fiscal year end.

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

Housing Authority of the City of Monroe
Notes to the Basic Financial Statements
June 30, 2018

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 \$14,047,767 to the Housing Authority, which represents approximately 70% of the Housing Authority's total revenue for the year.

NOTE 15 - OPERATING LEASE The Housing Authority leases three copiers under noncancelable operating leases. Total costs for such leases were \$4,932 the year ended June 30, 2018. The minimum lease payables for these leases at June 30, 2018 is \$18,480.

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 4,928
2020	4,928
2021	4,928
2022	<u>3,696</u>
Total	<u>\$ 18,480</u>

NOTE 16 - INSURANCE PROCEEDS In the fiscal year ended June 30, 2018 the Housing Authority received \$15,213 in insurance proceeds for damage to public housing units which is classified as other income in the statement of revenues, expenses and changes in fund net position.

NOTE 17 - SUBSEQUENT EVENTS In July 2018, the Housing Authority was awarded a \$2.3 million Jobs Plus Grant. The purpose of the grant is to develop job-driven approaches to increase earnings and advance employment for residents of public housing.

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, 2018, the Housing Authority had \$328,840 in HUD-Held Reserves.

**Housing Authority of the City of Monroe
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2018**

Exhibit 1

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

Mr. Hal Hinchliffe, Chairman

Mr. Rick Miller, Vice Chairman

Mr. Joe Farr

Ms. Patricia Gix

Ms. Beverly V. Lewis

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, 2018

Exhibit 2

Agency Head Name: Frank Wilcox, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$145,786
Benefits-insurance	12,432
Benefits-retirement, including FICA	34,377
Benefits-performance incentive	13,001
Car allowance	9,000
Cell phone	746
Dues	45
Reimbursements	731
Registration fees	750
Conference travel	2,284
Total	<u><u>\$219,152</u></u>

Housing Authority of the City of Monroe
Financial Data Schedule - Balance Sheet
June 30, 2018

	Project Total	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
111 Cash - Unrestricted	\$6,003,458	\$156,120		\$113,678
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				\$32,506
114 Cash - Tenant Security Deposits	\$375,176			
115 Cash - Restricted for Payment of Current Liabilities				\$11,348
100 Total Cash	\$6,378,634	\$156,120	\$0	\$157,532
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$17,236			
124 Accounts Receivable - Other Government			\$3,673	
125 Accounts Receivable - Miscellaneous				\$10,000
126 Accounts Receivable - Tenants	\$49,514			
126.1 Allowance for Doubtful Accounts -Tenants	-\$4,952			\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$17,306			\$65,158
128.1 Allowance for Doubtful Accounts - Fraud	-\$15,575			-\$19,547
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$63,529	\$0	\$3,673	\$55,611
131 Investments - Unrestricted	\$7,474,188			
132 Investments - Restricted				
142 Prepaid Expenses and Other Assets				\$3,326
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
150 Total Current Assets	\$13,916,351	\$156,120	\$3,673	\$216,469
161 Land	\$2,062,904			
162 Buildings	\$92,561,200			
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$1,220,013			\$58,697
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$72,525,959			-\$54,691
167 Construction in Progress				
160 Total Capital Assets, Net of Accumulated Depreciation	\$23,318,158	\$0	\$0	\$4,006
171 Notes, Loans and Mortgages Receivable - Non-Current				

Exhibit 3

97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
\$81,051	\$2,740,233	\$321,438	\$9,415,978		\$9,415,978
			\$32,506		\$32,506
			\$375,176		\$375,176
			\$11,348		\$11,348
\$81,051	\$2,740,233	\$321,438	\$9,835,008	\$0	\$9,835,008
			\$17,236		\$17,236
			\$3,673		\$3,673
	\$92,776	\$412,843	\$515,619		\$515,619
			\$49,514		\$49,514
			-\$4,952		-\$4,952
	\$0	\$0	\$0		\$0
	\$120,621		\$120,621		\$120,621
			\$82,464		\$82,464
			-\$35,122		-\$35,122
\$0	\$213,397	\$412,843	\$749,053	\$0	\$749,053
	\$4,442,022	\$1,389,465	\$13,305,675		\$13,305,675
		\$321,404	\$324,730		\$324,730
		\$14,413	\$14,413		\$14,413
		\$0	\$0		\$0
		\$36,720	\$36,720	-\$93	\$36,627
\$81,051	\$7,395,652	\$2,496,283	\$24,265,599	-\$93	\$24,265,506
	\$459,000		\$2,521,904		\$2,521,904
	\$1,436,834		\$93,998,034		\$93,998,034
	\$6,761	\$436,251	\$1,721,722		\$1,721,722
	-\$888,242	-\$327,681	-\$73,796,573		-\$73,796,573
\$0	\$1,014,353	\$108,570	\$24,445,087	\$0	\$24,445,087
	\$2,146,938		\$2,146,938		\$2,146,938

(continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Balance Sheet
June 30, 2018

	Project Total	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers
174 Other Assets				
180 Total Non-Current Assets	\$23,318,158	\$0	\$0	\$4,006
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$37,234,509	\$156,120	\$3,673	\$220,475
311 Bank Overdraft			\$0	
312 Accounts Payable <= 90 Days	\$121,746		\$395	\$155
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$57,468		\$3,185	\$16,006
322 Accrued Compensated Absences - Current Portion	\$151,899			\$59,428
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$399,418			
341 Tenant Security Deposits	\$375,176			
342 Unearned Revenue	\$21,372			\$1,118
345 Other Current Liabilities				\$11,348
347 Inter Program - Due To			\$93	\$0
310 Total Current Liabilities	\$1,127,079	\$0	\$3,673	\$88,055
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$269,259			\$172,744
350 Total Non-Current Liabilities	\$269,259	\$0	\$0	\$172,744
300 Total Liabilities	\$1,396,338	\$0	\$3,673	\$260,799
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$23,318,158			\$4,006
511.4 Restricted Net Position				\$32,506
512.4 Unrestricted Net Position	\$12,520,013	\$156,120	\$0	-\$76,836
513 Total Equity - Net Assets / Position	\$35,838,171	\$156,120	\$0	-\$40,324
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$37,234,509	\$156,120	\$3,673	\$220,475

Exhibit 3

97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
\$0	\$3,161,291	\$108,570	\$26,592,025	\$0	\$26,592,025
\$81,051	\$10,556,943	\$2,604,853	\$50,857,624	-\$93	\$50,857,531
			\$0		\$0
	\$6,355	\$8,175	\$136,826		\$136,826
		\$71,793	\$148,452		\$148,452
		\$301,610	\$512,937		\$512,937
			\$399,418		\$399,418
			\$375,176		\$375,176
			\$22,490		\$22,490
			\$11,348		\$11,348
	\$36,627		\$36,720	-\$93	\$36,627
\$0	\$42,982	\$381,578	\$1,643,367	-\$93	\$1,643,274
		\$1,022,505	\$1,464,508		\$1,464,508
\$0	\$0	\$1,022,505	\$1,464,508	\$0	\$1,464,508
\$0	\$42,982	\$1,404,083	\$3,107,875	-\$93	\$3,107,782
	\$1,014,353	\$108,570	\$24,445,087		\$24,445,087
			\$32,506		\$32,506
\$81,051	\$9,499,608	\$1,092,200	\$23,272,156		\$23,272,156
\$81,051	\$10,513,961	\$1,200,770	\$47,749,749	\$0	\$47,749,749
\$81,051	\$10,556,943	\$2,604,853	\$50,857,624	-\$93	\$50,857,531

(continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Income Statement
For the Year Ended June 30, 2018

	Project Total	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
70300 Net Tenant Rental Revenue	\$4,339,245		
70400 Tenant Revenue - Other	\$317,279		
70500 Total Tenant Revenue	\$4,656,524	\$0	\$0
70600 HUD PHA Operating Grants	\$5,583,236		\$134,178
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$26,896		
71400 Fraud Recovery	\$34,139		
71500 Other Revenue	\$116,866		
71600 Gain or Loss on Sale of Capital Assets	\$4,355		
72000 Investment Income - Restricted			
70000 Total Revenue	\$10,422,016	\$0	\$134,178
91100 Administrative Salaries	\$400,686		\$85,283
91200 Auditing Fees	\$40,526		
91300 Management Fee	\$1,223,021		
91310 Book-keeping Fee	\$133,838		
91400 Advertising and Marketing	\$15,967		
91500 Employee Benefit contributions - Administrative	\$173,501		\$15,843
91600 Office Expenses	\$194,260		\$22,712
91700 Legal Expense	\$2,613		
91800 Travel	\$4,007		
91900 Other	\$17,686		
91000 Total Operating - Administrative	\$2,206,105	\$0	\$123,838
92000 Asset Management Fee	\$181,950		
92100 Tenant Services - Salaries			
92200 Relocation Costs	\$735		
92300 Employee Benefit Contributions - Tenant Services	\$0		

Exhibit 3

14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
				\$4,339,245		\$4,339,245
				\$317,279		\$317,279
\$0	\$0	\$0	\$0	\$4,656,524	\$0	\$4,656,524
\$8,330,353				\$14,047,767		\$14,047,767
			\$1,369,765	\$1,369,765	-\$1,182,013	\$187,752
			\$181,950	\$181,950	-\$181,950	\$0
			\$227,714	\$227,714	-\$133,838	\$93,876
			\$1,779,429	\$1,779,429	-\$1,497,801	\$281,628
\$30		\$79,385	\$3,278	\$109,589		\$109,589
\$140,666				\$174,805		\$174,805
\$84,115		\$439,257	\$1,656,581	\$2,296,819	-\$787,111	\$1,509,708
			\$3,296	\$7,651		\$7,651
\$8,555,164	\$0	\$518,642	\$3,442,584	\$23,072,584	-\$2,284,912	\$20,787,672
\$295,487		\$45,654	\$940,754	\$1,767,864		\$1,767,864
\$6,000			\$6,296	\$52,822		\$52,822
\$187,752				\$1,410,773	-\$1,182,013	\$228,760
\$93,876				\$227,714	-\$133,838	\$93,876
\$644			\$7,917	\$24,528		\$24,528
\$108,446		\$9,884	\$346,561	\$654,235		\$654,235
\$84,941		\$3,896	\$126,778	\$432,587		\$432,587
		\$36,321	\$1,950	\$40,884		\$40,884
\$265		\$1,118	\$15,292	\$20,682		\$20,682
\$391		\$10,518	\$8,023	\$36,618		\$36,618
\$777,802	\$0	\$107,391	\$1,453,571	\$4,668,707	-\$1,315,851	\$3,352,856
				\$181,950	-\$181,950	\$0
				\$735		\$735
				\$0		\$0

(continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Income Statement
For the Year Ended June 30, 2018

	Project Total	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
92400 Tenant Services - Other	\$65,777		\$10,340
92500 Total Tenant Services	\$66,512	\$0	\$10,340
93100 Water	\$27,478		
93200 Electricity	\$255,764		
93300 Gas	\$73,576		
93400 Fuel			
93600 Sewer	\$25,687		
93000 Total Utilities	\$382,505	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$488,266		
94200 Ordinary Maintenance and Operations - Materials and Other	\$569,169		
94300 Ordinary Maintenance and Operations Contracts	\$3,149,043		
94500 Employee Benefit Contributions - Ordinary Maintenance	\$175,112		
94000 Total Maintenance	\$4,381,590	\$0	\$0
95100 Protective Services - Labor	\$70,636		
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services	\$8,360		
95000 Total Protective Services	\$78,996	\$0	\$0
96110 Property Insurance	\$212,476		
96120 Liability Insurance	\$127,130		
96130 Workmen's Compensation	\$19,077		
96140 All Other Insurance			
96100 Total insurance Premiums	\$358,683	\$0	\$0
96200 Other General Expenses			
96210 Compensated Absences	\$122,023		
96300 Payments in Lieu of Taxes	\$399,418		
96400 Bad debt - Tenant Rents	\$142,259		
96600 Bad debt - Other			
96000 Total Other General Expenses	\$663,700	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0

Exhibit 3

14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
				\$76,117		\$76,117
\$0	\$0	\$0	\$0	\$76,852	\$0	\$76,852
		\$712	\$246	\$28,436		\$28,436
		\$10,121	\$3,410	\$269,295		\$269,295
		\$1,477	\$1,783	\$76,836		\$76,836
		\$199	\$178	\$26,064		\$26,064
\$0	\$0	\$12,509	\$5,617	\$400,631	\$0	\$400,631
			\$410,326	\$898,592		\$898,592
\$4,558		\$2,484	\$52,811	\$629,022		\$629,022
\$22,122		\$55,924	\$84,179	\$3,311,268	-\$787,111	\$2,524,157
			\$148,812	\$323,924		\$323,924
\$26,680	\$0	\$58,408	\$696,128	\$5,162,806	-\$787,111	\$4,375,695
				\$70,636		\$70,636
				\$8,360		\$8,360
\$0	\$0	\$0	\$0	\$78,996	\$0	\$78,996
\$3,516		\$3,214	\$7,103	\$226,309		\$226,309
\$2,204		\$2,014	\$20,005	\$151,353		\$151,353
\$6,133			\$29,506	\$54,716		\$54,716
\$11,853	\$0	\$5,228	\$56,614	\$432,378	\$0	\$432,378
\$86,722		\$25,000		\$111,722		\$111,722
\$51,722			\$263,458	\$437,203		\$437,203
				\$399,418		\$399,418
				\$142,259		\$142,259
\$138,444	\$0	\$25,000	\$263,458	\$1,090,602	\$0	\$1,090,602
\$0	\$0	\$0	\$0	\$0	\$0	\$0

(continued)

Housing Authority of the City of Monroe
Financial Data Schedule - Income Statement
For the Year Ended June 30, 2018

	Project Total	14.IKE DHAP- IKE	14.870 Resident Opportunity and Supportive Services
96900 Total Operating Expenses	\$8,320,041	\$0	\$134,178
97000 Excess of Operating Revenue over Operating Expenses	\$2,101,975	\$0	\$0
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized	\$53,138		
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$3,504,056		
97500 Fraud Losses			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$11,877,235	\$0	\$134,178
10010 Transfer In			
10020 Transfer Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$1,455,219	\$0	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$37,293,390	\$156,120	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	18172		
11210 Number of Unit Months Leased	17904		
11270 Excess Cash	\$12,183,437		
11610 Land Purchases	\$0		
11620 Building Purchases	\$0		
11630 Furniture & Equipment - Dwelling Purchases	\$0		
11640 Furniture & Equipment - Administrative Purchases	\$34,659		
11650 Leasehold Improvements Purchases	\$0		
11660 Infrastructure Purchases	\$0		

Exhibit 3

14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	1 Business Activities	COCC	Subtotal	ELIM	Total
\$954,779	\$0	\$208,536	\$2,475,388	\$12,092,922	-\$2,284,912	\$9,808,010
\$7,600,385	\$0	\$310,106	\$967,196	\$10,979,662	\$0	\$10,979,662
				\$53,138		\$53,138
\$7,389,742				\$7,389,742		\$7,389,742
\$83,806				\$83,806		\$83,806
\$2,672		\$91,773	\$41,399	\$3,639,900		\$3,639,900
\$82,416				\$82,416		\$82,416
\$8,513,415	\$0	\$300,309	\$2,516,787	\$23,341,924	-\$2,284,912	\$21,057,012
		\$741,574		\$741,574		\$741,574
			-\$741,574	-\$741,574		-\$741,574
\$0	\$0	\$741,574	-\$741,574	\$0	\$0	\$0
\$41,749	\$0	\$959,907	\$184,223	-\$269,340	\$0	-\$269,340
\$0	\$0	\$0	\$0	\$0		\$0
-\$82,073	\$81,051	\$9,554,054	\$1,016,547	\$48,019,089		\$48,019,089
				\$0		\$0
-\$72,830				-\$72,830		-\$72,830
\$32,506				\$32,506		\$32,506
18722				36894		36894
18840				36744		36744
				\$12,183,437		\$12,183,437
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$22,540	\$57,199		\$57,199
			\$0	\$0		\$0
			\$0	\$0		\$0

(concluded)

Housing Authority of the City of Monroe

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STATISTICAL SECTION

**Housing Authority of the City of Monroe
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HOUSING AUTHORITY OF THE CITY OF MONROE

Net Position by Component
 Fiscal Years Ended June 30, 2009 through June 30, 2018
 (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Investment in capital assets	\$ 30,855,318	\$ 31,420,632	\$ 33,885,659	\$ 36,731,313	\$ 35,644,380	\$ 35,463,463	\$ 34,469,168	\$ 31,363,390	\$ 27,990,631	\$ 24,445,087
Restricted	525,379	703,543	607,284	356,954	407,318	18,807	154,626	189,160	0	32,506
Unrestricted	10,229,171	12,261,649	14,312,114	13,350,060	15,376,586	16,211,688	18,032,211	18,927,674	20,028,458	23,272,156
Total net position	\$ 41,609,868	\$ 44,385,824	\$ 48,805,057	\$ 50,438,327	\$ 51,428,284	\$ 51,693,958	\$ 52,656,005	\$ 50,480,224	\$ 48,019,089	\$ 47,749,749

HOUSING AUTHORITY OF THE CITY OF MONROE

Changes in Net Position
Fiscal Years Ended June 30, 2009 through June 30, 2018
(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating Revenues										
Dwelling rental	\$ 3,211,979	\$ 3,388,086	\$ 3,349,432	\$ 3,395,763	\$ 3,598,384	\$ 3,964,000	\$ 4,100,781	\$ 4,379,807	\$ 4,488,026	\$ 4,339,245
Other	1,302,917	1,119,251	1,228,055	1,458,192	1,635,189	1,565,857	1,468,057	1,555,778	1,645,904	2,283,420
Federal grants	11,666,276	12,374,005	12,685,295	12,281,784	11,902,646	11,823,604	12,907,171	14,255,814	13,869,425	14,047,767
Total operating revenues	<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>	<u>20,003,355</u>	<u>20,670,432</u>
Operating Expenses										
Administration	2,542,052	3,530,597	3,248,924	2,919,618	3,048,675	3,138,980	3,197,155	3,280,757	3,297,853	3,352,856
Tenant services	225,417	81,529	66,246	111,297	63,897	117,279	172,699	104,674	157,778	76,852
Utilities	410,348	359,819	393,963	352,448	359,075	409,961	369,884	378,956	445,305	400,631
Ordinary maintenance & operations	2,391,345	2,440,800	2,852,076	3,216,455	3,195,123	3,270,470	3,007,479	7,232,949	6,417,456	4,428,833
Protective services	65,809	73,265	143,627	164,820	166,129	158,283	111,922	87,420	77,286	78,996
General expenses	1,410,402	1,292,643	1,306,456	1,259,721	1,129,036	1,307,706	1,200,209	1,400,380	1,512,129	1,605,396
Housing assistance payments	6,249,980	6,527,216	6,633,258	7,079,337	7,015,090	6,749,646	6,988,936	6,674,689	7,092,256	7,473,548
Nonroutine maintenance	45,717	0	0	0	0	0	0	0	0	0
Depreciation	3,119,499	3,182,945	3,393,658	3,590,084	3,667,184	3,721,468	3,676,837	3,653,570	3,540,824	3,639,900
Total operating expenses	<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>	<u>22,540,887</u>	<u>21,057,012</u>
Income (Loss) from Operations	<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>	<u>(2,537,532)</u>	<u>(386,580)</u>
Nonoperating Revenues (Expenses)										
Investment earnings and gains/losses	260,072	115,285	77,766	50,493	52,697	43,311	28,936	30,025	31,226	109,589
Gain (loss) disposal of capital assets	(5,767)	11,515	0	8,965	0	10,590	(230,021)	(59,089)	12,174	7,651
Total nonoperating revenues (expenses)	<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>	<u>43,400</u>	<u>117,240</u>
Net Income (Loss) before Contributions	<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>	<u>(2,494,132)</u>	<u>(269,340)</u>
Capital Contributions	<u>3,383,537</u>	<u>3,315,383</u>	<u>5,116,893</u>	<u>3,234,170</u>	<u>2,445,250</u>	<u>1,732,105</u>	<u>1,412,244</u>	<u>475,279</u>	<u>33,000</u>	<u>0</u>
Change in Net Position	<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>	<u>\$ (2,461,132)</u>	<u>\$ (269,340)</u>

HOUSING AUTHORITY OF THE CITY OF MONROE

General Fund Revenues by Source
Fiscal Years Ended June 30, 2009 Through 2018

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
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%
2017	4,488,026	38.39%	6,191,333	52.97%	8,257	0.07%	1,002,097	8.57%	11,689,713	100%
2018	4,339,245	37.04%	5,717,414	48.81%	30,174	0.26%	1,627,033	13.89%	11,713,866	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 included 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, 2009 Through June 30, 2018

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
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%
2017	1,462	1,429	97.74%	1,561	1,547	99.10%	3,023	2,976	98.45%
2018	1,514	1,492	98.55%	1,560	1,570	100.64%	3,074	3,062	99.61%

(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>
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
2017	49,367	6,490,904	36,214	6.1
2018	49,361	6,804,474	37,914	5.3

- (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

	2018			2009		
	Rank	Number of Employees	% of Total Employment	Rank	Number of Employees	% of Total Employment
Ouachita Parish School Board	1	2,844	4.23%	3,029	1	4.58%
Century Link (formerly known as CenturyTel)	2	2,360	3.51%	1,500	4	2.27%
Monroe City School District	3	1,348	2.01%	1,400	5	2.12%
St. Francis Medical Center	4	1,584	2.36%	1,750	3	2.65%
IASIS Healthcare Corporation (Glenwood Hospital)	5	1,156	1.72%	586	10	0.89%
City Monroe	6	894	1.33%	1000	8	1.51%
JP Morgan Chase Bank	7	930	1.38%	1,800	2	2.72%
Walmart Stores	8	912	1.36%			
ULM	9	885	1.32%	1067	7	1.61%
Graphic Packaging	10	840	1.25%	1,100	6	1.66%
E.A.Conway				959	9	1.45%

Source:

- North Louisiana Economic Partnership
- City of Monroe
- Ouachita Parish School Board
- Monroe Chamber of Commerce
- University of Louisiana
- Monroe City School District
- US Dept. of Labor

HOUSING AUTHORITY OF THE CITY OF MONROE

Property Characteristics and Dwelling Unit Composition
June 30, 2018

Project Number	Name of Development	Address	Year built or acquired	Bedroom Composition						Total
				Zero	One	Two	Three	Four	Five	
A006-001	Lock - Breece	306 Winnsboro Road	31-Oct-51		26	66	43	15	0	150
A006-002	Johnson-Carver Terrace	Texas Ave. (31 Carroll Dr.)	31-Mar-52		38	87	66	29	3	223
A006-005	Foster Heights	Swayze and Louberta Sts.	30-Sep-54		8	89	77	6	2	182
A006-006	Burg Jones Lane	2601 Burg Jones Lane	30-Jun-73		10	80	122	71	18	301
A006-009	Robinson Place	1207 Milliken Drive	30-Sep-73		0	28	78	68	37	211
A006-010	Miller Square	4200 Matthew Street	30-Apr-73		0	0	74	111	7	192
A006-011	Frances Tower	300 Harrison Street	31-Aug-78		129	0	0	0	0	129
A006-013	McKeen Plaza I	1500 McKeen Place	31-Jan-80		100	0	0	0	0	100
A006-014	Group Homes (scattered sites)	Scattered Sites	31-Aug-84		0	0	0	0	30	30
	Total Units				311	350	460	300	97	1,518
<u>Managed Units</u>										
064-EH150	Ouachita Grand Plaza, Inc. (Mgr. Apt.)	501 South Grand	15-Jun-89	21	70	0	0	0	0	91
064-EE037	Passman Plaza, Inc. (Mgr. Apt.)	230 DeSiard Plaza Dr., #101-141	1-Nov-96		40	1	0	0	0	41
064-EE050	Passman Plaza II, Inc.	230 DeSiard Plaza Dr.	1-Nov-98		39	0	0	0	0	39
Tax Credit Dev.	Passman Plaza III, Inc.	235 Lake Passman Dr.	1-Mar-08		0	60	0	0	0	60
Tax Credit Dev.	Claiborne Creek Apartments, LP	200 Claiborne Dr., West Monroe	1-Oct-97		60	12	0	0	0	72
Tax Credit Dev.	Claiborne Creek II, LP	200 Claiborne Dr., West Monroe	1-Oct-99		50	10	0	0	0	60
Tax Credit Dev.	Chauvin Pointe I	325 Chauvin Pointe Drive, Monroe	1-Nov-01		24	50	0	0	0	74
Tax Credit Dev.	Chauvin Pointe II	325 Chauvin Pointe Drive, Monroe	1-Apr-04		2	63	0	0	0	65
064-EE100	South Pointe I (Mgr. Apt.)	100 South Pointe Drive, Monroe	1-May-02		37	0	0	0	0	37
064-EE137	South Pointe II	100 South Pointe Drive, Monroe	1-Jun-04		44	0	0	0	0	44
N/A	South Pointe III	100 South Pointe Drive, Monroe	1-Mar-10		36	0	0	0	0	36
N/A	South Pointe IV	100 South Pointe Drive, Monroe	1-Jun-10		0	4	0	0	0	4
N/A	Alabama Place	3202 Alabama, Monroe	1-Dec-12		0	1	15	0	0	16
N/A	Franciscan Apts.	109 South 4th Street, Monroe	7-Dec-14		8	0	0	0	0	8
	Total Managed Units			21	410	201	15	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 2017 and 2008**

	2017			2008		
	Full Time	Part Time	Total	Full Time	Part Time	Total
Administrative	37	6	43	35	6	41
Capital Fund	0	0	0	3	0	3
Maintenance	26	13	39	25	5	30
Security Attendants	0	13	13	0	16	16
Trash Pick-Up	0	0	0	0	4	4
Students	0	17	17	0	10	10
	63	49	112	63	41	104

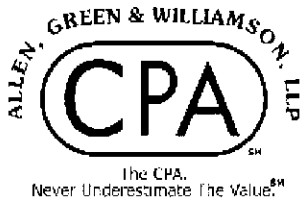
Source: Records of the Housing Authority of the City of Monroe.

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

**Single Audit Report
For the Year Ended June 30, 2018**

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of the Housing Authority of the City of Monroe as of and for the year ended June 30, 2018, 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 22, 2018.

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

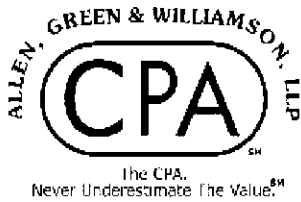
As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 is 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 22, 2018



ALLEN, GREEN & WILLIAMSON, LLP

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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, 2018. 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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001, 2018-002 and 2018-003. 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 is described in the accompanying Schedule of Findings and Questioned Costs and 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001, 2018-002 and 2018-003, that we consider to be significant deficiencies.

The Housing Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and 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, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements. We issued our report thereon dated December 22, 2018, 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 22, 2018

**Housing Authority of the City of Monroe
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

FEDERAL GRANTOR/ <u>PASS-THROUGH GRANTOR/PROGRAM NAME</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Housing and Urban Development			
Direct Programs:			
Low Rent Public Housing	14.850	LA 006-00000116D	\$ 6,252
Low Rent Public Housing	14.850	LA 006-00000117D	2,284,003
Low Rent Public Housing	14.850	LA 006-00000118D	<u>2,238,540</u>
Low Rent Public Housing Total			\$ 4,528,795
Section 8 Housing Choice Voucher Program - Cluster	14.871	LA006VO, LA006AF	8,330,353
Resident Opportunity and Supportive Services	14.870	LA006RPS042A015	134,178
Public Housing Capital Fund Program	14.872	LA48P006501-16	709,838
Public Housing Capital Fund Program	14.872	LA48P006501-17	<u>344,603</u>
Public Housing Capital Fund Program Total			<u>1,054,441</u>
Total Cash Federal Awards			<u>\$ 14,047,767</u>

The accompanying notes are an integral part of this schedule.

Housing Authority of the City of Monroe
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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. Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Housing Authority.

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>	<u>Amount</u>
Federal grants	<u>\$ 14,047,767</u>
Total	<u><u>\$ 14,047,767</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, 2018**

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 were three significant deficiencies required to be disclosed by the Uniform Guidance (2 CFR 200). These significant deficiencies were not considered to be material weaknesses.
- v. The type of report the auditor issued on compliance for major programs was unmodified.
- vi. The audit disclosed three audit findings which the auditor is required to report under the Uniform Guidance.
- vii. The major federal program is:
 - CFDA# 14.850 Public Housing Program
- 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, 2018**

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

Reference # and title: 2018-001 Public Housing Waiting Lists

<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Public Housing Program	14.850	2017 and 2018

Criteria or specific requirement: The Housing Authority must establish and adopt written policies for admission of tenants. The Housing Authority’s tenant selection policies must include requirements for applications and waiting lists, description of the policies for selection of applicants from the waiting lists, and policies for verification and documentation of information relevant to acceptance or rejections of an applicant (24 CFR sections 960.202 through 960.206). The Housing Authority is required to following its written policies and procedures when adding applicants to and selecting applicants from the waiting lists.

Condition found: During the fiscal year, the Housing Authority implemented an online application process. It was noted that an additional preference was added to the online application platform that is not reflected in the Housing Authority’s policy. The additional preferences allowed those applicants to be listed higher on the listing. When testing individuals that applied for housing during the fiscal year, it was noted that six of the twenty-five applicants selected had listed preferences on the application; however, the tenants’ files did not support all preferences listed. Additionally, the Housing Authority does not maintain paper/electronic copies of the full waiting lists and therefore the auditor could not determine if the applicants were added to the waiting list in the correct order.

When selecting tenants that moved in during the fiscal year to ensure the Housing Authority is selecting from the waiting list properly, it was noted that two of the twenty-five tested had moved in before others reflected on the manager’s report.

Context: Twenty-five individuals added to the waiting list during the fiscal year as well as twenty-five move-ins were selected for testing. This finding appears to be a systemic.

Possible asserted effect (cause effect):

Cause: The Housing Authority changed application processes during the fiscal year as well as implemented a new online application platform. Additionally, the Housing Authority is not maintaining copies of the waiting lists.

Effect: The Housing Authority did not meet all federal compliance requirements related to Special Tests and Provisions over the Waiting Lists.

Recommendations to prevent future occurrences: The Housing Authority should establish quality control procedures to ensure individuals selected from the waiting lists have all required documentation related to the applicant’s preferences. The Housing Authority should also establish procedures to ensure waiting lists are being maintained for supporting documentation.

**Housing Authority of the City of Monroe
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

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

Origination date and prior year reference (if applicable): This finding originated fiscal year ended June 30, 2018.

View of responsible official: The Housing Authority transitioned to site-based waiting lists in fiscal year 2018. Each manager is responsible for the wait list at their particular site. We also implemented an online application system. There have been several weaknesses that this audit had highlighted, all of which can be addressed through more thorough training and updated policies regarding printing waitlists and verifying preferences.

Reference # and title: **2018-002** **Depository Agreements**

<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 Housing Program	14.850	2017 and 2018

Criteria or specific requirement: In accordance with Section 9 of the ACC, the Housing Authority is required to enter into depository agreements with their financial institutions using the HUD-51999 or a form required by HUD in the ACC. The agreements serve as safe guards for Federal funds and provide third-party rights to HUD.

Condition found: Although the Housing Authority had entered into a depository agreement with the main financial institution, the Housing Authority has established investment accounts at other financial institutions without using the required depository agreement by HUD.

Context: The Housing Authority uses three financial institutions. This finding appears to be a systemic.

Possible asserted effect (cause effect):

Cause: The auditor was unable to determine the cause.

Effect: The Housing Authority did not meet all federal compliance requirements related to Special Tests and Provisions over Depository Agreements.

Recommendations to prevent future occurrences: The Housing Authority should establish quality control procedures to ensure the Housing Authority enters into depository agreements using the required HUD form.

Origination date and prior year reference (if applicable): This finding originated fiscal year ended June 30, 2018.

View of responsible official: One of the financial institutions has changed ownership since the depository agreement we have on file was established. We will obtain an updated depository agreement with that financial institution. The other depository agreement that we were missing is now on file.

**Housing Authority of the City of Monroe
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

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

Reference # and title: **2018-003** **HUD 60002 Reporting**

<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 Housing Program	14.850	2017 and 2018

Criteria or specific requirement: In accordance to 24 CFR Section 135.3, the Housing Authority is required to submit the HUD 60002 information using the automated Section 3 Performance Evaluation and Registry System (SPEARS) regarding economic opportunities for low and very low income persons.

Condition found: The Housing Authority did not submit the HUD 60002 for the fiscal year end June 30, 2018 within the SPEARS system; therefore, the auditor was unable to test the report.

Context: This finding appears to be a systemic.

Possible asserted effect (cause effect):

Cause: The auditor was unable to determine the cause.

Effect: The Housing Authority did not meet all federal compliance requirements related to Reporting.

Recommendations to prevent future occurrences: The Housing Authority should establish procedures and timelines to ensure all required reports are submitted.

Origination date and prior year reference (if applicable): This finding originated fiscal year ended June 30, 2018.

View of responsible official: There have been numerous problems with the SPEARS system. At the time the report was due, we were unable to report for the time period in question. Since that time, staff turnover has delayed filing the report. This report will be filed before the end of the current fiscal year.

Housing Authority of the City of Monroe

OTHER INFORMATION



MONROE HOUSING AUTHORITY

**Summary Status Of Prior Year Audit Findings and Questioned Costs
For the Year Ended June 30, 2018**

Reference # and title: **2017-001** **Late Submission of the Audit Report to the Legislative Auditor**

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

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

The Housing Authority had a software conversion during the fiscal year. Due to the difficulties that occurred from the conversion process, the Housing Authority's trial balances needed additional reviews by the Accounting Personnel to ensure complete and accurate reporting. Therefore, the Housing Authority's audit report was not submitted to the Louisiana Legislative Auditor by the required timeline.

Corrective action planned: No corrective action needed. This was an isolated event and will not be repeated. This finding is considered cleared.

Reference # and title: **2017-002** **Untimely Deposits**

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

Condition: Good internal controls over deposits include receipts being deposited in a timely manner. According to the Housing Authority's practice, deposits should be made within three business days from receipt.

When testing a sample of daily deposits, which consisted of 37 deposits, it was noted that 18 of the deposits were made in excess of 3 business days of receipts. These deposits ranged from 4 to 38 days from the date of receipt.

Corrective action planned: Increased awareness of the importance of timely deposits and implications of failure to do so. This finding is considered cleared.

Summary Status Of Prior Year Audit Findings and Questioned Costs (continued)

Reference # and title: 2017-003 Section 8 Employee Certifications

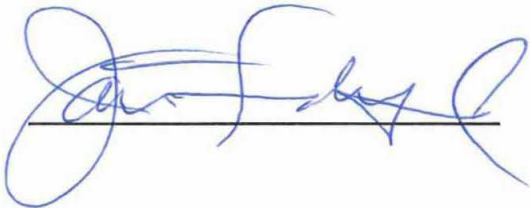
<u>Federal program and specific federal award identification:</u>	<u>CFDA Number</u>	<u>Award Year</u>
FEDERAL GRANTER/ PASS THROUGH GRANTOR/PROGRAM NAME United States Department of Housing and Urban Development Section 8 Housing Choice Voucher Program	14.871	2016 and 2017

Condition: In accordance with the Uniform Guidance §200.430, the standards for documentation of personnel expenses must be based on records that accurately reflect the work performed. These records must (a) be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable and properly allocated; (b) be incorporated into the official records of the agency; and (c) reasonably reflect the total activity for which the employee is compensated by the agency.

When testing the compensation of personnel charged to the Section 8 program, it was noted that, although the employees are maintaining timesheets of hours worked, the timesheets being maintained do not reflect the activity for which the employee is being compensated.

Corrective action planned: An extra line will be added to the timesheets reflecting the federal program under which the employee has worked. This finding is considered cleared.

Respectfully submitted,



Corrective Action Plan for the Current Year Findings and Questioned Costs (continued)

Condition: In accordance with Section 9 of the ACC, the Housing Authority is required to enter into depository agreements with their financial institutions using the HUD-51999 or a form required by HUD in the ACC. The agreements serve as safe guards for Federal funds and provide third-party rights to HUD.

Although the Housing Authority had entered into a depository agreement with the main financial institution, the Housing Authority has established investment accounts at other financial institutions without using the required depository agreement by HUD.

Corrective action planned: One of the financial institutions has changed ownership since the depository agreement we have on file was established. We will obtain an updated depository agreement with that financial institution. The other depository agreement that we were missing is now on file.

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 31, 2018

Reference # and title: 2018-003 HUD 60002 Reporting

<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 Housing Program	14.850	2017 and 2018

Condition: In accordance to 24 CFR Section 135.3, the Housing Authority is required to submit the HUD 60002 information using the automated Section 3 Performance Evaluation and Registry System (SPEARS) regarding economic opportunities for low and very low income persons.

The Housing Authority did not submit the HUD 60002 for the fiscal year end June 30, 2018 within the SPEARS system; therefore, the auditor was unable to test the report.

Corrective action planned: There have been numerous problems with the SPEARS system. At the time the report was due, we were unable to report for the time period in question. Since that time, staff turnover has delayed filing the report. This report will be filed before the end of the current fiscal year.

Person responsible for corrective action:

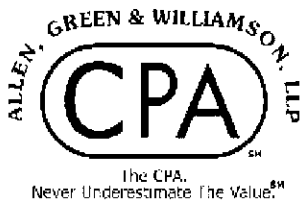
Mr. Frank Wilcox, Executive Director
Housing Authority of the City of Monroe
300 Harrison St.
Monroe, LA 71201

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

Anticipated completion date: March 31, 2018

Respectfully submitted,





ALLEN, GREEN & WILLIAMSON, LLP

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Jennie Henry, CPA
Mallory Stone, CPA
Audit Manager: Margie Williamson, CPA

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

Management Letter

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

In planning and performing our audit of the financial statements of each major fund of the Housing Authority of the City of Monroe as of and for the year ended June 30, 2018, 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 22, 2018, on the financial statements of the Housing Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

2018-M1 Adjustments to Tenant Accounts

Comment: Best practices require all adjustments to tenant accounts follow the Housing Authority's policy and procedures and be properly reviewed and approved by someone other than the individual that posted the error. During the testing of account adjustments, it was noted that managers have access to post adjustments to tenant accounts. When testing a sample of forty adjustments, it was noted that one adjustment was made by the manager without obtaining the required approval.

Recommendation: The Housing Authority should establish quality control procedures to ensure managers are following the Housing Authority's policies regarding adjustments to tenant accounts.

Management's response: The adjustment in question was a \$1,000.00 late fee that was posted in error. The manager immediately recognized his mistake and credited this charge and charged the appropriate \$10.00 late fee. An adjustment listing will be run every month to verify no unauthorized adjustments have been made.

2017-M2

Policies and Procedures

Comment: Good internal controls and best practices require the Housing Authority to have well documented policies and procedures relating to standard operating procedures and financial procedures. These policies and procedures should be reviewed periodically for necessary changes. Furthermore, the Uniform Guidance requires additional policies and procedures related to federal funds such as time-minimizing elapsing for cash management and allowable costs principles. When reviewing the policies and procedures of the Housing Authority, it was noted that several of the policies have not been updated for several years. Additionally, some of the policies do not include procedural activities such as credit card purchases, ethics certification, receipts and etc. It was also noted that in June 2018 the Board approved several policies; however, the policies could not be readily provided to the auditors.

Recommendation: The Housing Authority's written policies and procedures should be reviewed and revised accordingly to include best practices of the Uniform Guidance. Additionally procedures should be established to ensure annual reviews are completed of the Housing Authority's written policies and procedures for necessary updates. Policies should be in a central location in order to be easily accessible.

Management's response: There have been several policies that have been addressed and rewritten within the past year, however there are more policies that need to be reviewed. There will be a committee appointed to review all current policies for possible updates and to be more specific with procedural policies that are already in place.

2018-M3

Internal Controls Over Journal Entries

Comment Good checks and balances include levels of review and approval of manual journal entries. Additionally, journal entries and supporting documentation should be maintained in a central location to be easily accessible. The Accounting Department had experienced turnover during the fiscal year, which caused a number of entries not being reviewed or approved by another individual.

Recommendation: The Housing Authority should establish procedures to ensure adequate checks and balances are in place over journal entries.

Management's response: The Accounting Director and the Accountant will both initial all journal entries to comply with review and approval of 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, 2018, which collectively comprise the Housing Authority's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

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

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

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.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 22, 2018

**Housing Authority of the City of Monroe
Status of Prior Year Management Letter Item
For Year Ended June 30, 2018**

2017-M1

Travel Receipts

Comment: Best practices require all receipts turned in to be itemized to ensure costs incurred are allowable and reasonable to the public purpose. Additionally, meal receipts should adequately document those that attended and the public purpose of the costs incurred. When testing travel disbursements, it was noted that the Housing Authority does not require itemized meal receipts to be submitted at the time that the requests for reimbursements are processed.

Recommendation: The Housing Authority should establish procedures to ensure all receipts are itemized and properly documented so that all costs reimbursed are allowable and for a public purpose.

Management's response: Anyone who turns in a receipt for travel reimbursement will be notified they are required to turn in an itemized receipt, not just the credit card receipt with which the item was paid. This item is considered cleared.

2017-M2

Policies and Procedures

Comment: Good internal controls and best practices require the Housing Authority to have well documented policies and procedures relating to standard operating procedures and financial procedures. These policies and procedures should be reviewed periodically for necessary changes. Furthermore, the Uniform Guidance requires additional policies and procedures related to federal funds such as time-minimizing elapsing for cash management, procurement procedures for micro purchases of greater than \$3,500, and allowable costs principles. When reviewing the policies and procedures of the Housing Authority, it was noted that several of the policies have not been updated for several years. Additionally, some of the policies do not include procedural activities such as credit card purchases, ethics training, quotes regarding micro purchases, receipts and etc.

Recommendation: The Housing Authority's written policies and procedures should be reviewed and revised accordingly to include best practices of the Uniform Guidance. Additionally procedures should be established to ensure annual reviews are completed of the Housing Authority's written policies and procedures for necessary updates.

Management's response: See current year management letter item 2018-M2.

2017-M3

Allowance for Doubtful Accounts

Comment: Good internal controls require that accounts receivable be reviewed at least annually to determine if any allowances for doubtful accounts and write-offs are necessary. When reviewing the allowance for doubtful accounts and the fraud accounts receivable for the Section 8 program, it was noted that the Housing Authority did not write-off any accounts receivable during the year nor was the allowance adequately adjusted for the collectability of the accounts. Although the adjustment was not considered material, the auditors proposed an adjusting entry in order for the allowance to better reflect the collectability of the accounts.

Recommendation: The Housing Authority should establish procedures to better evaluate the collectability of the fraud accounts receivable rather than using a flat percentage when establishing the allowance for doubtful accounts. Additionally, this process should be completed at least annually.

**Housing Authority of the City of Monroe
Status of Prior Year Management Letter Item
For Year Ended June 30, 2018**

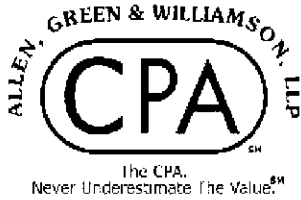
Management's response: Due to software conversion, this year-end procedure was overlooked. This item is considered cleared.

2017-M4 **Testing of Journal Entries**

Comment: Good checks and balances include levels of review and approval of manual journal entries. When testing journal entries, it was noted that in some circumstances the same person initiated and posted the journal entries without a second level of review.

Recommendation: The Housing Authority should establish policies and procedures to ensure all journal entries are being reviewed by a second person, as well as all journal entries be maintained with the supporting documentation.

Management's response: See current year management letter item 2018-M3.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATWIDE AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of Housing Authority of the City of Monroe and the Louisiana Legislative Auditor (LLA), on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP) for the fiscal year ended June 30, 2018. The Housing Authority's management is responsible for the control and compliance with those areas identified in the SAUPs. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the reports. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics** including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Comment: When reviewing the applicable written policies and procedures for the required elements, the following exceptions were noted.

Budgeting - Written policies and procedures over budgeting exist, however, the policy does not address amending the budget.

Purchasing - The written policy and procedures does not address (2) how vendors are added to the vendor list; (3) the approval process of purchase requisitions and purchase orders; (4) the controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids.

Receipts - The written policy and procedures does not address the recording and preparing deposits.

Contracting - The written policy and procedures does not address legal review and the monitoring process.

Credit Cards - There are no written policies and procedures over credit cards that address (1) how cards are to be controlled; (2) allowable business use (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

Travel and Expense Reimbursement - The written policies and procedures does not address dollar thresholds by category of expense.

Ethics - The written policy and procedures does address (2) actions to be taken if an ethics violation takes place (3) system to monitor possible violations and (4) requirement that all employees annually attest through signature verification that they have read the entity's ethics policy.

Management's Response:

Budgeting - This policy will be updated to include procedures for amending the budget.

Purchasing - This policy will be updated to include procedures that appear to be insufficiently stated.

Receipts - We have deposit procedures written as inter-office memos. These will be rewritten more formally.

Contracting - This policy will be updated to include procedures that appear to be insufficiently stated.

Credit Cards - The only credit cards that the company has is vendor specific. There are no company VISA or Mastercards. The policy will be rewritten to address usage of vendor specific cards by vendor.

Travel and Expense Reimbursement - The policy will be updated to include procedures that appear to be insufficiently stated.

Ethics - Every employee knows they must complete the Louisiana Ethics Course annually. We will update the policy to include procedures mentioned above.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Comment: Two exceptions noted in which the date completed and management's review was not adequately documented.

Management's Response: One exception was on an account with a very limited number of transactions per year. General ledger balances was visually verified with bank statements on both accounts. We will begin printing out reconciliations for approval regardless of activity.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Comment: Two exceptions noted in which the date of collection was not documented and therefore could not be tested for timeliness as well as these deposits did not have complete supporting documentation.

Management's Response: The exceptions were both on the account that is not part of the Housing Authority but is treated as a component unit. The deposits were payments on notes from other entities that the Housing Authority serves as managing agent. These checks were produced in house and were deposited within 2 weeks of payment. Due to turnover in the accounting department, this was later than company policy allowed. Accounting staff seems to be stable now and deposits are being made timely.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Comment: There were no exceptions in the prior year when applying these procedures; therefore, these procedures were not tested for the June 30, 2018 fiscal year end.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Comment: One exception noted involving a hotel rate and a meal rate exceeding the GSA rates as well as the meal receipt did not itemize what was purchased.

Management's Response: This exception happened before itemized receipts were required, not just recommended. We have no policy as of yet about GSA rates.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:*
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Comment: There were no exceptions in the prior year when applying these procedures; therefore, these procedures were not tested for the June 30, 2018 fiscal year end.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Comment: There were five exceptions noted in which employees did not annually attest through signature verification that he/she read the entity's ethics policy.

Management's Response: Every employee knows they must complete the Louisiana Ethics Course annually. We will update the policy to include procedures mentioned above.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Comment: These procedures are not applicable as the entity does not have debt obligations that would require debt service.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance area identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance area identified in the SAUPs and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 22, 2018