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**HOUSING AUTHORITY OF THE CITY OF
MORGAN CITY, LOUISIANA**

FINANCIAL REPORT

September 30, 1987

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

Release Date: SEP 15 1987

J. L. SONNIER
Certified Public Accountant
Lafayette, Louisiana

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying general purpose financial statements of the Housing Authority of the City of Morgan City, Louisiana, as of and for the year ended September 30, 1997, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Housing Authority's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Morgan City, Louisiana as of September 30, 1997, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated February 26, 1998 on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations and grants.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Housing Authority of the City of Morgan City. The accompanying supplemental information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in relation to the general purpose financial statements except that the Analysis of Surplus-Regulatory Basis is presented in HUD Prescribed Format, which is an Other Comprehensive Basis of Accounting.



February 26, 1988

BONDING ACTIVITY OF THE CITY OF PASADENA CITY, LOS ANGELES

ALL FUND TYPES AND ACCOUNT GROUPS

Consolidated Balance Sheet

September 30, 2007

ASSETS AND OTHER RESULTS

Cash and interest bearing deposits
 Receivables (current and other)
 Due from other funds
 Due from other governments - net
 Prepaid insurance
 Land, buildings and equipment
 Investment securities in debt service funds
 Amount to be provided for retirement of general long-term debt
Total assets and other debits

General Fund	GOVERNMENTAL FUND			ACCOUNT GROUPS			Totals	
	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	General Fund	Long-Term Debt	Other	2007	2006
34,213	19,484	-	873	-	-	55,872	199,429	
1,426	-	-	-	-	-	1,426	543	
3,503	-	-	-	-	-	3,503	141,781	
76,513	-	186,539	61,498	-	-	324,550	875,559	
83,485	-	-	-	-	-	83,485	82,887	
-	-	-	-	13,354,839	-	13,354,839	13,354,872	
-	-	-	-	298,538	-	298,538	298,574	
131,741	19,484	186,539	61,498	13,354,839	2,250,128	2,250,128	2,442,488	16,315,819

LIABILITIES AND FUND EQUITY

Liabilities:
 Accounts payable and accrued expenditures
 Unmatured payables
 Unmatured securities deposits
 Due to other funds
 Due to other governments
 Due to other governments - net
 Compensated absences payable
 Accrued and bonds payable
 Long-term interest payable
 Total liabilities
Fund equity:
 Investment in general fund assets
 Fund balances -
 unassigned for debt service
 Unreserved, unassigned
Total fund equity
Total liabilities and fund equity

72,413	-	-	15,318	-	-	97,731	184,974	
38,985	-	-	18,363	-	-	57,348	136,134	
-	4,501	-	-	-	-	4,501	28,789	
-	6,487	-	-	-	-	6,487	141,281	
-	-	-	-	18,265	-	18,265	11,157	
-	-	-	-	4,116,561	2,135,562	6,252,123	2,243,688	
-	-	-	-	242,813	242,813	485,626	485,626	
111,403	10,991	-	15,681	2,359,838	2,359,838	4,719,668	4,719,668	

Investment in general fund assets
 Fund balances -
 unassigned for debt service
 Unreserved, unassigned
Total fund equity
Total liabilities and fund equity

-	-	-	-	13,354,839	-	13,354,839	13,354,872	
99,493	9,324	289,539	-	-	-	398,356	398,356	
99,493	9,324	289,539	-	-	-	398,356	398,356	
190,986	18,648	289,539	15,681	13,354,839	2,359,838	16,288,893	16,288,893	

See Notes to Financial Statements.

FINANCIAL STATEMENTS OF THE CITY OF MONROE, LOUISIANA

COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 For the Year Ended September 30, 1997

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals (Home City)
REVENUES					
Charges for services:					
Sewer and utilities	408,000	-	-	-	408,000
Other	78,800	-	-	-	78,800
Intergovernmental revenues:					
Operating subsidy - RFP	831,000	409,640	197,981	-	1,438,621
Account contributions - RFP	-	-	-	349,817	349,817
Federal grants	440,188	-	-	-	440,188
Miscellaneous:					
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	1,758,188	409,640	197,981	349,817	2,715,626
EXPENDITURES					
Current:					
Administration	286,025	42,388	-	-	328,413
Utilities	323,200	-	-	-	323,200
Ordinary maintenance and operations	214,000	-	-	-	214,000
Special services	440,001	-	-	-	440,001
General expenditures	294,887	-	-	-	294,887
Motorcycle maintenance	16,819	-	-	-	16,819
Bonding insurance payments	-	397,377	-	-	397,377
Facilities acquisition and construction	46,928	8,000	-	349,817	404,745
Debt service:					
Principal retirement	-	-	115,380	-	115,380
Interest and fiscal charges	-	-	81,123	-	81,123
Total expenditures	1,368,497	831,888	196,438	349,817	2,646,640
Excess (deficiency) of revenue over expenditures	(17,309)	3,752	1,553	-	(12,004)
Fund balances, beginning of year	349,220	3,383	198,974	-	551,577
Fund balances, end of year	89,602	4,135	200,527	-	294,264

See Notes to Financial Statements.

BOOKING AGREEMENT OF THE CITY OF MOHAWK CITY, LOUISIANA
 ECONOMIC FUND - GENERAL AND SPECIAL REVENUE FUND
 Combined Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Budget (Year Ending) and Actual
 For the Year Ended September 30, 2022

	General Fund		Special Revenue
	Budget	Actual	
REVENUE			
Charges for services	481,100	439,889	(41,211)
Rentals and utilities	47,900	18,432	(29,468)
Other	-	-	-
Intergovernmental revenues:			
Operating subsidy - gas	505,437	535,369	29,932
Annual contributions - gas	-	-	-
Federal grants	645,389	645,159	(230)
Miscellaneous	1,400	-	(1,400)
INTEREST	-	-	-
Other	-	-	-
Total revenues	<u>1,680,826</u>	<u>1,638,849</u>	<u>(41,977)</u>
EXPENDITURES			
Current:			
Administration	197,280	206,626	9,346
Salaries	200,815	201,289	474
Ordinary maintenance and operations	364,816	338,888	(25,928)
Contract services	466,881	448,641	(18,240)
General expenditures	285,260	294,887	9,627
Noncapital maintenance	18,820	18,000	(820)
Nonmajor assistance payments	-	-	-
Major assistance payments	35,382	44,928	9,546
Multiple acquisition and construction	-	-	-
Total expenditures	<u>1,438,334</u>	<u>1,358,879</u>	<u>(79,455)</u>
Reserve (deficiency) of revenue over expenditures	45,128	(79,738)	(124,866)
Fund balance, beginning of year	189,219	163,078	(26,141)
Fund balance, end of year	<u>204,347</u>	<u>83,340</u>	<u>(121,007)</u>

See Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF
MORGAN CITY, LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended September 30, 1997

INTRODUCTION

The Housing Authority of the City of Morgan City, Louisiana (the Authority) was created by Louisiana Revised Statute (LSA-R.S.) 48:291 to engage in the acquisition, development, and administration of a low rent housing program to provide safe, sanitary, and affordable housing to the citizens of Morgan City, Louisiana.

The authority is administered by a five-member board appointed by the Mayor of the City of Morgan City, Louisiana. Members of the board serve staggered terms.

Under the United States Housing Act of 1937, as amended, the U. S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the authority for the purpose of assisting the authority in financing the acquisition, construction, and leasing of housing units and to make annual contributions (subsidies) to the authority for the purpose of maintaining this low rent character.

The authority participates in Section 8 housing assistance payment programs. The existing program provides assistance to low-income persons seeking housing by subsidizing rents between tenants and owners of existing private housing. Under this program, the authority enters into housing assistance payment contracts with landlords. The Section 8 rental voucher program, another Section 8 housing assistance program, provides assistance to low-income families. The program provides for a voucher which can be used by the tenant to pay rent to any landlord he chooses.

As September 30, 1997, the authority manages 338 public housing units and provides assistance to 118 Section 8 housing units.

The Authority's owned housing (low-rent program) is operated under annual contribution contract number PW-1483 and the Section 8 existing housing certificate and voucher programs are operated under annual contribution contract numbers PW-215) and PW-22807.

Notes to the Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (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.

B. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Authority is legally separate and fiscally independent, the Authority is a separate governmental reporting entity.

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

The Authority includes all funds, account groups and activities, that are within the oversight responsibility of the Authority.

Certain units of local government over which the Authority exercises no oversight responsibility, such as the parish police jury, school board, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

C. FUND ACCOUNTING

The Authority uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

Notes to the Financial Statements (Continued)

C. FUND ACCOUNTING (CONTINUED)

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

Funds of the Authority are of the governmental type. This fund category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds account for all or most of the Authority's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. **General Fund**--the general operating fund of the authority accounts for all financial resources, except those required to be accounted for in other funds. The General Fund includes transactions of the low rent housing assistance programs and various grant programs.
2. **Special revenue fund**--accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special revenue fund contains transactions of the various Section 8 Housing Assistance programs administered by the Authority.
3. **Debt service fund**--accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
4. **Capital projects fund**--accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

Notes to the Financial Statements (Continued)

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Operating subsidies and the annual contributions received from MD are recorded when available and measurable. Federal restricted grants are recorded when reimbursable expenditures have been incurred.

Rental income is recorded in the month earned.

Substantially all other revenues are recorded when they become available to the Authority.

Expenditures

Salaries are recorded as expenditures when incurred.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are purchased.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

Principal and interest on general long-term debt are recognized when due.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Notes to the Financial Statements (Continued)

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishment, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

The Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Authority before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for deferred revenues is removed from the combined balance sheet and the revenue is recognized.

B. BUDGETS

The following summarizes the budget activities of the Housing Authority during the year ended September 30, 1987.

1. The Housing Authority adopted budgets for the general fund, the special revenue fund and the capital projects funds. The capital projects funds budget to actual comparison has not been included since the capital projects are multiple-year endeavors.
2. The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.
3. Encumbrances are not recognized within the accounting records for budgetary control purposes.
4. The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.
5. HUD approves all budgets (and amendments thereto) adopted by the Housing Authority.

Budget data presented in the financial statements are as amended.

Notes to the Financial Statements (Continued)

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

**G. CASH AND CASH EQUIVALENTS
AND INVESTMENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the 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.

**H. SHORT-TERM INTERFUND
RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

I. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Depreciation has not been provided on general fixed assets. Fixed assets are valued at historical cost.

J. ACCOUNTS RECEIVABLE

The District utilizes the direct write-off method for accounts receivable becoming worthless during the year. No allowance for uncollectible accounts receivable was made due to immateriality.

K. DOLLAR SIGNS

All amounts are reported in U. S. dollars. Dollar signs have been eliminated.

Notes to the Financial Statements (Continued)

L. COMPENSATED ABSENCES

The housing authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

M. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

N. FUND EQUITY

Reserves

Reserves represent those portions of fund equity not available for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

O. INTERRUPTED TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Notes to the Financial Statements (Continued)

9. TOTAL COLUMNS ON COMBINED STATEMENTS

The total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. DMS in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Likewise in such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

1. CASH AND CASH EQUIVALENTS

At September 30, 1997, the Authority had cash and cash equivalents (check balances) totaling \$54,872.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 1997, the Authority had \$78,354 in deposits (collected bank balances). These deposits are secured from risk by \$78,354 of Federal Deposit Insurance and \$298,482 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 19:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand.

1. FIXED ASSETS

The changes in general fixed assets are as follows:

	Balance, Beginning	Additions	Deletions	Balance, Ending
Land and buildings	13,742,839	169,817	-	13,912,656
Furniture and equipment	<u>422,813</u>	<u>24,287</u>	<u>(23,872)</u>	<u>423,228</u>
	<u>13,165,652</u>	<u>194,104</u>	<u>(23,872)</u>	<u>13,335,884</u>

Notes to the Financial Statements (Continued)

4. RETIREMENT SYSTEMS

The Authority participates in the Group Retirement Plan of the Louisiana Housing Council 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 the plan, the Authority provides pension benefits for all full-time employees.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan and investment earnings. Benefits of the plan are funded by employee and employer contributions. Participants in the plan are required to make a monthly contribution equal to five per cent of their basic compensation. The Authority makes a monthly contribution equal to seven per cent of each participant's basic compensation.

The employer contributions and earnings allocated to each participant's account are fully vested after five years of continuous service.

The Authority's total payroll for the fiscal year ended September 30, 1997 was \$2095,898. The Authority's contributions were made based on the total covered payroll of \$245,477. The Authority and the covered employees made the required contributions for the year ended September 30, 1997. The employee contributions totaled \$12,173 while the Authority's contributions totaled \$13,163.

5. COMPENSATED ABSENCES

At September 30, 1997, employees of the Authority have accumulated and vested \$78,265 of employee leave benefits. This amount is not expected to be paid from current available resources; therefore, the liability is recorded in the general long-term obligations account group.

6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended September 30, 1997:

	Notes and Bonds	Compensated Absences	Long-Term Interest Payable	Total
Long-term obligations at September 30, 1996	2,248,084	71,187	242,613	2,561,884
Additions	-	7,188	-	7,188
Deductions	118,303	-	-	118,303
Long-term obligations at September 30, 1997	<u>2,129,781</u>	<u>78,265</u>	<u>242,613</u>	<u>2,450,659</u>

Notes to the Financial Statements (Continued)

5. CHARGES IN GENERAL LONG-TERM OBLIGATIONS (CONTINUED)

The following notes and bonds are outstanding at September 30, 1997. All the notes and bonds are HUD-guaranteed with maturities from 1998 through 2010 and bear interest rates from 4.5% to 8%.

New housing authority bonds -
\$2,878,800 issued August 1, 1996
bearing interest at 4.5% with
final maturity in 2007. (Project
No. LA-34-4)

1,070,894

\$1,840,000 issued August 1, 1993
bearing interest at 5.8% with
final maturity in 2010. (Project
No. LA-34-5)

882,898

Permanant notes - HUD -

These obligations are due HUD. The Debt Forgiveness Act of 1992 forgave these notes, but the timing of the official cancellation of the remaining notes is unknown. Because the principal and interest on these notes will eventually be forgiven, interest accruals have been discontinued. Due to the uncertainty of the timing of the cancellation of these notes, a schedule of their maturities is not presented.

Principal
Accrued interest

518,381
342,811
1,378,384

All principal and interest requirements are funded by annual contributions from HUD. At September 30, 1997 the Authority has \$288,818 accumulated in the debt service fund for future debt requirements. Annual debt service requirements for the new housing authority bonds are as follows:

	Principal	Interest	Total
Year ending September 30, 1998	112,500	78,482	190,982
1999	119,484	71,738	191,222
2000	121,418	66,724	188,142
2001	141,483	48,492	190,285
2002	146,413	54,072	200,485
2003 to maturity	840,818	178,808	1,019,626
	<u>1,822,813</u>	<u>518,381</u>	<u>2,341,194</u>

Notes to the Financial Statements (Continued)

7. COMMITMENTS & CONTINGENCIES

There are certain major construction projects in progress at September 30, 1997. These include modernizing rental units at practically all projects. These projects are being funded by HUD. Funds are requested periodically as costs are incurred. Costs incurred on these projects and estimated cost to complete these projects totaled \$1,771,490 and \$792,424, respectively, at September 30, 1997.

The Housing Authority participates in a number of state and federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act of 1984 through September 30, 1997, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

8. RISK MANAGEMENT

The Authority is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. These risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year. Settlements have not exceeded insurance coverage during the three year period ended September 30, 1997.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY, LOUISIANA
 SUPPLEMENTARY INFORMATION
 Analysis of Surplus - Regulatory Basis
 Projects LA-004-G01/000 and LA-482-221-G01/000
 For the Year Ended September 30, 1997

	<u>Low Rent</u>	<u>Section 8</u>
UNRESERVED SURPLUS:		
Balance at beginning of period	11,828,788	(4,629,826)
Net loss for period	(483,872)	(429,388)
Noncapitalized comp., drug and other grant expenditures	(488,841)	-
(Provision for) reduction of operating reserves	64,293	(2,884)
(Provision for) reduction of project accounts	-	(28,324)
Balance at end of period	<u>10,810,168</u>	<u>(5,118,422)</u>
RESERVED SURPLUS - OPERATING RESERVE:		
Balance at beginning of period	151,150	13,380
Provision for (reduction of) operating reserves	(14,221)	2,884
Balance (deficit) at end of period	<u>136,929</u>	<u>16,264</u>
PROJECT ACCOUNT - UNRESERVED:		
Balance at beginning of period	-	310,758
Provision for (reduction of) project account	-	28,324
Balance at end of period	<u>-</u>	<u>282,434</u>
CUMULATIVE HUD CONTRIBUTIONS:		
Balance at beginning of period	22,386,887	4,323,188
Annual contributions	187,883	459,448
Operating subsidy	237,385	-
Grant funds earned this period	826,216	-
Balance at end of period	<u>23,638,371</u>	<u>4,782,636</u>
CUMULATIVE DONATIONS		
	<u>4,029</u>	<u>-</u>
Total surplus	<u>11,443,428</u>	<u>38,318</u>

HOUSING AUTHORITY OF THE CITY OF MONROE CITY, LOUISIANA

STATEMENT OF MODERNIZATION AND OTHER GRANT COSTS -
COMPLETED PROJECTS AND GRANTS

Project Inception Through September 30, 1987

	1984 Comp LA400 <u>387884</u>
Funds approved	625,635
Funds expended	<u>625,635</u>
Excess of funds approved	<u> </u>
Funds advanced	625,635
Funds expended **	<u>625,635</u>
excess (deficiency) of funds advanced	<u> </u>

** The actual cost certificate was filed for the 1984
Comprehensive grant as of September 30, 1987.

HOUSING AUTHORITY OF THE CITY OF MONROE CITY, LOUISIANA

STATEMENT OF RECONSTRUCTION AND OTHER GRANT CASH -
INCOMPLETE PROJECTS AND GRANTS

Project Inception Through September 30, 1997

	1994				1995 COMP		1996 COMP		1997 COMP	
	1994 BUDG	VACANCY	1995 COMP	1996 COMP	LA 48P	LA 48P	LA 48P	LA 48P	LA 48P	LA 48P
Funds approved	85,180	964,000	995,334	484,848	434,638	434,638	434,638	434,638	434,638	434,638
Funds expended	55,047	933,683	584,812	185,848	78,847	78,847	78,847	78,847	78,847	78,847
Excess of funds approved	3,133	34,653	10,493	298,999	355,791	355,791	355,791	355,791	355,791	355,791
Funds advanced	85,180	937,168	545,523	183,183	88,888	88,888	88,888	88,888	88,888	88,888
Funds expended	85,180	939,685	544,318	183,848	78,847	78,847	78,847	78,847	78,847	78,847
Excess (deficiency) of funds advanced	(500)	(12,517)	795	(25,665)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY, LOUISIANA

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Generally Accepted Accounting Principles (GRAP) Basis
For the Year Ended September 30, 1997

<u>Federal Awarding Agency and Program Name</u>	<u>CFDA No.</u>	<u>1997 Amount Expended</u>
U.S. Department of Housing and Urban Development -		
Direct Programs:		
Public and Indian Housing Program	14.850	837,788
Comprehensive Grant Program	14.859	834,878
Drug Elimination Program	14.854	169,388
Section 8 Existing Certificate Program	14.857	349,823
Section 8 Rental Voucher Program	14.855	99,823
Vacancy Reduction Program	YES 834194	<u>164,322</u>
		<u>1,705,411</u>

J. L. SONNIEP

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

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

I have audited the financial statements of the Housing Authority of the City of Morgan City, Louisiana (the Authority) as of and for the year ended September 30, 1997, and have issued my report thereon dated February 26, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operations that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with assertions of management in financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 97-1 and 97-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe finding 97-2 described above is a material weakness.

This report is intended for the information of the audit committee, management, federal awarding agencies and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



February 28, 1998

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

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

I have audited the compliance of the Housing Authority of the City of Morgan City, Louisiana, (the Authority), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 1997. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. My responsibility is to express an opinion on the Authority's compliance based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Authority's compliance with those requirements.

As described in items 97-4 through 97-18 in the accompanying schedule of findings and questioned costs, the Authority did not comply with the requirements listed below that are applicable to its major programs. Compliance with such requirements is necessary, in my opinion, for the Authority to comply with requirements applicable to those programs.

Compliance RequirementProgram Name

Inventory of movable
 Administrative Plan
 Family self-sufficiency
 Rent payment standards
 Rent reasonableness
 Special tests and provisions
 (Section 8 tenant files)

Public Housing and Section 8
 Public Housing and Section 8
 Public Housing and Section 8
 Section 8 Rental Voucher
 Section 8 Existing Certificates
 Section 8 Existing Certificates
 and Rental Voucher

In my opinion, except for the noncompliance described in the preceding paragraph, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1987.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 87-1, 87-2 and 87-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe items 87-4 and 87-5 of the reportable conditions described above are material weaknesses.

This report is intended for the information of the audit committee, management, Federal awarding agencies and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

J. J. Danner

February 28, 1960

HOUSING AUTHORITY OF THE CITY OF MONROE CITY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 1997

The following list indicates the status of findings relative to federal awards which were reported in the Authority's September 30, 1996 audit.

Section 8 Program -

Tenant Files

Numerous documentation inadequacies and incorrect computations were noted in examining tenant files. It was recommended that the Authority implement ongoing quality review procedures for the Section 8 program. The quality review program has been implemented.

Family Self-Sufficiency

As of September 30, 1996, the Authority had no families placed on the family self-sufficiency program. It was recommended that the Authority determine what level of participation is required for this program and that the Authority then proceed to bring itself into compliance. No progress has been made relative to this finding.

Low-Rent Program -

Public Housing Management Assessment (PHMAP) Certification

Indicators 2 and 3 were incorrectly calculated. Documentation for indicators 6 and 7 was not auditable and could not be tested in the audit. It was recommended that a system be developed to accumulate PHMAP required data on an ongoing basis so that the PHMAP report could be promptly and accurately prepared and that would provide adequate documentation for audit purposes.

The Authority began the development of a PHMAP data accumulation system based on the PHMAP requirements in effect at September 30, 1996. However, the September 30, 1996 PHMAP reporting requirements were substantially changed in 1997 and resulted in much wasted time and effort. Work on the PHMAP data collection system continues, but as of September 30, 1997 it did not provide adequate accurate auditable data.

BOOKING AUTHORITY OF THE CITY OF MONROE CITY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I Summary of Auditor's Results

1. An unqualified opinion was issued on the financial statements.
2. Reportable conditions in internal control were disclosed by the audit of the financial statements and one of these conditions was considered to be a material weakness.
3. The audit did not disclose noncompliance considered material to the financial statements.
4. Reportable conditions in internal control over major programs were disclosed and some of them were considered material weaknesses.
5. A qualified opinion was issued on major program compliance.
6. The audit disclosed findings which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The major programs were public housing, section 8 and the comprehensive grant program.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 510(b) of OMB Circular A-133 was \$100,000.
9. The auditee did not qualify as a low-risk auditee under Section 510 of OMB Circular A-133.

HOUSING AUTHORITY OF THE CITY OF MONROE CITY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

II Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

97-1. Inadequate Segregation of Duties -

Due to the small number of employees necessary to administer the Authority's programs, it is not possible to effectively provide adequate segregation of duties. It is therefore important that management mitigate this internal control weakness through review of all payroll and disbursements as well as regular review of financial statements and budget performance.

97-2 Physical Inventory of Movable

Although the Authority inventories its movable equipment annually, the inventory list cannot be reconciled to the general ledger because there is no inventory tag system in place to specifically identify an item of equipment to the property subsidiary ledger.

The Authority should implement a movable equipment tagging system and develop a detailed subsidiary equipment ledger which would list each property item, its tag number, acquisition date and cost. Once the tagging system is implemented, physical inventories should indicate item descriptions and tag numbers, and be reconciled to the subsidiary. Such a reconciliation will provide a means for the Authority to determine whether any equipment is unaccounted for and initiate follow-up and/or write-off of the items in question.

III Findings and Questioned Costs for Federal Awards Which Include Findings as Defined in Section 510(a) of OMB Circular A-133.

There are no questioned costs required to be reported.

97-3 Inadequate Segregation of Duties -

See item 97-1 above. This condition affects all programs.

97-4 Physical Inventory of Movable -

See item 97-2 above. This condition affects the Public Housing and Section 8 programs.

97-5 Administrative Plan -

The Authority's Section 8 and Public Housing administrative plans have not been updated since 1991. The manuals should be updated and kept current such that the Authority's staff has a convenient reference relative to policies and procedures of the Authority's programs. This condition affects the Public Housing and Section 8 programs.

HOUSING AUTHORITY OF THE CITY OF MONROE CITY, LOUISIANA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)

97-6 Family Self-Sufficiency -

The Authority has no families on the family self-sufficiency program. I recommend the Authority consult HUD interim notices FIM 93-24 and 94-28 and the local HUD office to determine what, if any, level of participation is required, and work towards bringing the Authority into compliance. This finding affects the Public Housing, Section 8 Existing Certificates and Section 8 Rental Voucher programs.

97-7 Rent Payment Standards -

The Authority has not established rent payment standards for the Section 8 Rental Voucher Program. This condition can result in erroneous HAP calculations. Rent payment standards should be established and updated annually.

97-8 Section 8 Tenant Files -

Testing of 18 tenant files in the Existing Certificate and Rental Voucher programs disclosed the following deficiencies:

- 3 instances of incorrect HAP calculations
- 4 instances of incorrect utility allowance calculations
- 6 instances where there was no indication that the Authority verified that repairs indicated as required on inspection reports were performed
- 3 instances of no inspection form in file
- 1 instance of an unlocatable tenant file

While no one of the above noncompliance items is material, in the aggregate, they are deemed to be substantial noncompliance.

The Authority has implemented a quality review system for the Section 8 programs, but it is not yet producing the desired results. Until compliance problems are alleviated, management should supervise the section 8 area more closely.

97-9 Rent Reasonableness -

The Authority has implemented rent reasonableness procedures in the Section 8 Existing Certificate program. However, comparables used to determine rent reasonableness are not documented as to the specific address, type of structure, size, etc., of the units. Such documentation is necessary to demonstrate that the rent reasonableness requirements were satisfied.

97-10 PHMAP Indicators -

Indicator #1 Component #1f. Total number of actual vacancy days
Vacancy days were computed rounding to whole months rather than using actual days. Also, the total was inappropriately reduced by 1,015 "bad" days. Vacancy days were not tested, because actual day information would have had to be reconstructed.

HOUSING AUTHORITY OF THE CITY OF MONROE CITY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Indicator #1 Component #8c. Total number of vacancy days exempted for modernization

This item was computed rounding to whole months rather than using actual days. Exempted vacancy days were not tested in the audit because actual days would have had to be reconstructed.

Indicator #1 Component #1j. Total number of vacancy days where units were exempted for other reasons

This item was reported as 713 and rereported in the audit to be 319.

The auditee inappropriately exempted days for casualty units from the date of settlement with the insurer to the date repairs were completed.

Indicator #1 Component #2 This Turnaround

The unit turnaround tracking system was not designed so as to enable audit testing without reconstruction of the data. Therefore, this component was not tested in the audit.

Indicator #1 Fees Uncollected

Item s., dwelling rent owed by residents in possession at the beginning of the assessed fiscal year, was reported as \$100. The audit indicated that the appropriate amount was \$1,183.

Indicator #4 Component #1a. Total number of emergency work orders corrected/abated within 24 hours

This item was reported as 18 out of 18 emergency work orders corrected or abated within 24 hours. Audit testing disclosed 1 emergency work order not corrected or abated within 24 hours, and 3 emergency work orders the completion time of which was not determinable.

Indicator #4 Component #2a. Total number of calendar days it took to complete non-emergency work orders

The work order tracking system was not designed so as to enable audit testing of this item without reconstructing the data. Therefore, this data was not tested in the audit.

Indicator #5 Component #2f. Total number of buildings where all systems were inspected in accordance with PMA maintenance plan

This component was not adequately documented and therefore could not be tested in the audit.

Indicator #6 Component #1 Cash Reserves

This component was reported as \$110,337 but verified in the audit as \$18,177.

Indicator #6 Component #2a. Energy Consumption

The Authority responded yes to the question "Do all PMA units have tenant-paid utilities?". The response should have been no.

WORKING AUTHORITY OF THE CITY OF MONROE CITY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Indicator #3 Comment #2 Section B. Energy Audit

Question a., "has the FMA completed or updated its energy audit within the past 3 years", was answered yes. The Authority was not able to locate its copy of the energy audit, and therefore, the responses to questions b., c., and d., were not tested in the audit.

Indicator #3 Comment #4. Grant Program Goals

The Authority indicated (in item d.) that it could document that it met 100% of the goals established in its 1994 Drug Grant. The audit indicated that 93% of the 1994 Drug Grant goals were met.

The Authority should develop a FEMAP data tracking system that would accumulate FEMAP required data on an ongoing basis such that the FEMAP report could be promptly and accurately prepared and that would provide adequate documentation for audit purposes.

MORGAN CITY HOUSING AUTHORITY
P. O. BOX 2928
MORGAN CITY, LA. 70381

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CORRECTIVE ACTION PLAN

81-1 AND 81-3 INADEQUATE SEGREGATION OF DUTIES

ALL PAYROLL DISBURSEMENTS, FINANCIAL STATEMENTS, AND BUDGET PERFORMANCES ARE REVIEWED BY MORGAN CITY HOUSING AUTHORITY MANAGEMENT.

81-2 AND 81-4 PHYSICAL INVENTORY OF MOVABLES

THE MORGAN CITY HOUSING AUTHORITY HAS PURCHASED NEW INVENTORY SOFTWARE WHICH WILL ALLOW IT TO GIVE A MORE DETAILED REPORTING MECHANISM THAT WILL PROMOTE A MORE ACCURATE RECONCILIATION. THE AUTHORITY ON THE RECOMMENDATION OF THE INDEPENDENT AUDITOR WILL SET UP A TAGGING SYSTEM THAT WILL ALLOW FOR BETTER TRACKING.

81-5 ADMINISTRATIVE PLAN

THE MORGAN CITY HOUSING AUTHORITY HAS PURCHASED FROM MANAGEMENT RESOURCE GROUP, INC. OF ATLANTA, GA, A MANUAL OF POLICIES THAT INCLUDES UPDATED SECTION 8 AND PUBLIC HOUSING ADMINISTRATIVE PLANS. THE PLANS ARE BEING READ, ANALYZED, AND MODIFIED TO FIT THE MORGAN CITY HOUSING AUTHORITY. ONCE THIS PROCESS IS COMPLETED AND THE PLANS HAVE BEEN TAILORED FOR THE MORGAN CITY HOUSING AUTHORITY THE PLANS WILL BE PRESENTED TO THE BOARD OF COMMISSIONERS FOR APPROVAL AND A RESOLUTION WILL BE SIGNED.

81-6 FAMILY SELF-SUFFICIENCY

WE ARE HAVING A PROBLEM WITH SETTING THIS UP. OUR PROBLEM STEMS FROM MANY REASONS, BUT, ONE IN PARTICULAR LOOKS LARGE TO US, THE FINANCIAL UNSTABILITY OF OUR RESIDENTS CAUSES US TO HESITATE IN ESTABLISHING THIS PROGRAM. HOWEVER, WE WILL CONSULT WITH OUR REGIONAL H.U.D. OFFICE AND ASK FOR DIRECTION IN THIS MATTER. WE MOST DEFINITELY WANT TO SET UP THIS PROGRAM.

81-7 RENT PAYMENT STANDARDS

THE MORGAN CITY HOUSING AUTHORITY DECIDED IN 1986 THAT IT WOULD USE AS THE RENT PAYMENT STANDARD THE FAIR MARKET RENT IN EACH YEAR. THIS HAS ALREADY BEEN PRESENTED TO THE BOARD OF COMMISSIONERS. HOWEVER, A RESOLUTION WAS NEVER SIGNED. WE HAVE SINCE PREPARED THE RESOLUTION AND AT NEXT BOARD MEETING WILL ASK THE BOARD OF COMMISSIONERS TO SIGN IN ORDER TO MAKE IT OFFICIAL.

81-8 SECTION 8 TENANT FILES

MANAGEMENT HAVE RECOMMENDED TO CLOSE SUPERVISION OF THE SECTION 8 PROGRAM. MANAGEMENT WILL GO THRU EVERY FILE WITH SECTION 8 PERSONNEL IMMEDIATELY. ALSO WE WILL SEND SECTION 8 MANAGER TO MORE TRAINING.

81-9 RENT REASONABLENESS

WE ARE IN PROCESS OF DOCUMENTING COMPARABLES SUCH AS SPECIFIC ADDRESS, TYPE OF STRUCTURES OF THE UNITS AS SUGGESTED BY INDEPENDENT

AUDITOR.

ST-10 PHMAP INDICATORS

THOSE RESPONSIBLE FOR PHMAP HAVE JUST RETURNED FROM AN EXTENSIVE TRAINING CONDUCTED BY H.M.D. OFFICIALS IN ALEXANDRIA, LA. AT THIS TRAINING DIRECTION WAS GIVEN AND MANY QUESTIONS WERE ANSWERED. THE TRAINING WILL IMPROVE OUR PREPARATION AND OUR SCORES.