

**HOUSING AUTHORITY OF THE
CITY OF MORGAN CITY**

Program Number FW-1483

Financial Report
Year Ended September 30, 2002

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For Issue Date 7/26/03

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of financial position	4-6
Statement of activities	6-7
Statement of cash flows	8-9
Notes to financial statements	10-14
SUPPLEMENTAL INFORMATION	
Schedule of expenditures of federal awards	16
Notes to expenditures of federal awards	17
Supplemental data required by HUD	18-19
OTHER SUPPLEMENTAL INFORMATION	
Combining statement of financial position	21-22
Combining statement of activities	23-24
REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS (GAS) AND OFFICE OF MANAGEMENT AND BUDGET (OMB) REVISED CIRCULAR A-133	
Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	26-27
Report on Compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	28-29
Schedule of findings and questioned costs	30-34
Summary schedule of prior audit findings	39
Corrective action plan for current year findings	60-63

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Housing Authority of the City of Morgan City
Morgan City, Louisiana

We have audited the accompanying statement of financial position of the Housing Authority of the City of Morgan City (a nonprofit organization), as of September 30, 2002, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. We believe that our audit provides a reasonable basis for our opinion.

Due to the inadequacy of accounting records for the years beginning prior to October 1, 2001, we were unable to form an opinion regarding the amount at which fixed assets are recorded in the accompanying balance sheet as of September 30, 2002 (stated at \$1,601,164, net of accumulated depreciation).

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to perform the necessary audit procedures on the beginning balance of fixed assets, or had we been able to satisfy ourselves as to the beginning balance of fixed assets by other auditing procedures, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Morgan City, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 1, 2003 on our consideration of the Housing Authority of the City of Morgan City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Housing Authority of the City of Morgan City. Additionally, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Housing Authority of the City of Morgan City. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 3, 2003

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-1403

Statement of Financial Position
September 30, 2002

ASSETS

Current assets:		
1111	Cash - operations	\$ 251,381
1122	Tenant/member accounts receivable, Net of Allowance for Doubtful Accounts	3,248
1125	Accounts receivable - HUD	181,999
	Interfund receivable	42,280
	A/R Nonresiding rent	4,638
1210	Inventories	1,892
1211	Miscellaneous prepaid expenses	<u>95,108</u>
	Total current assets	<u>580,542</u>
Restricted assets:		
1114	Tenant deposits held in trust	<u>30,802</u>
	Total restricted assets	<u>30,802</u>
Property and equipment:		
1440	Land	185,000
1460	Buildings	8,211,153
1458	Building improvements	995,002
1465	Building equipment (portable)	182,518
1475	Administrative Equipment	<u>185,000</u>
	Total fixed assets	9,758,673
1495	Less: Accumulated depreciation	<u>(6,149,168)</u>
	Net fixed assets	<u>3,609,505</u>
	Total assets	<u>\$ 9,419,712</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

Current liabilities:		
2111	Accounts payable - operations	\$ 108,957
2159	Accrued wages payable	5,219
2018	TRUD payable	319,538
2119	Interfund payable	62,280
2190	Miscellaneous current liabilities	<u>8,216</u>
	Total current liabilities	<u>474,210</u>
Other liabilities:		
2114	Trust deposits held in trust	<u>18,882</u>
Noncurrent liabilities:		
	Accrued compensated absences	<u>23,841</u>
Net assets:		
	Net unrestricted assets	<u>3,609,618</u>
	Total liabilities and net assets	<u>\$4,126,711</u>

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FM-1403

Statement of Activities
Year Ended September 30, 2002

REVENUES		
3110	Rent revenue - gross potential	\$ 384,000
3120	Excess Utilities	100,043
	Tenant assistance payments	313,607
	PHA Grant Revenue	734,182
		17,028
3199	Miscellaneous rent revenue	<u>1,998,722</u>
	Total Rental Revenue	
		<u>34</u>
3200	Revenue from investments-asset receipts	<u>38,316</u>
	Total Financial Revenue	
3999	Miscellaneous revenue	<u>1,875,182</u>
	Total revenue	
EXPENSES		
4140	Conventions and meetings	2,481
4170	Bookkeeping, fee/accounting services	30,340
4110	Office salaries	148,843
	Office expenses	39,954
4171	Audit expense	12,400
4190	Miscellaneous administrative expenses	<u>49,333</u>
	Total administrative expenses	<u>277,356</u>
4220	Electricity	189,301
4210	Gas	84,762
4290	Sewer	39,093
4210	Water	<u>79,081</u>
	Total utilities expense	<u>392,148</u>
4410	Payroll	128,323
4420	Supplies	16,329
4430	Contracts	360,888
4431	Garbage and trash removal	35,277
	Soft Costs	3,659
	Miscellaneous operating and maintenance expenses	<u>12,386</u>
	Total operating and maintenance expenses	<u>876,879</u>

(continued)

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number (PW-140)

Statements of Activities (Continued)
Year Ended September 30, 2002

6711	Payroll taxes (project's share)	17,239
6720	Property and liability insurance (leased)	174,791
6721	Health insurance and other employee benefits	28,614
6790	Miscellaneous taxes, licenses, permits, and insurance	55,074
	Total taxes and insurance	<u>275,699</u>
1140	Interest expense	721
	Net entity expenses	<u>721</u>
	Total cost of operations before depreciation	<u>1,493,681</u>
	Increase in net assets before depreciation	119,679
6000	Depreciation expense	618,794
	Decrease in net assets after depreciation	<u>(479,145)</u>
	Transfers in	(11,380)
1180	Transfers out	11,380
	Total other financing sources	<u>-</u>
	Total decrease in net assets	(479,145)
	Net assets, beginning of year	<u>4,818,791</u>
	Net assets, end of year	<u>\$ 3,609,618</u>

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
 Program Number PW-0403

Statements of Cash Flows
 Year Ended September 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:	
Rental receipts	489,940
Operating subsidies	407,217
Federal Grants	149,900
Other cash received	81,886
	<u>1,128,943</u>
Administrative	128,713
Utilities	382,998
Salaries and wages	289,874
Operating and maintenance	362,343
Property insurance	134,181
Miscellaneous taxes and insurance	54,566
	<u>1,508,675</u>
Net cash provided by operating activities	<u>221,873</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:	
Acquisition of capital assets	<u>(129,568)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>34</u>
Net cash used in investing activities	
Net increase in cash	94,467
Cash and cash equivalents, beginning	<u>185,518</u>
Cash and cash equivalents, ending	<u><u>\$ 280,185</u></u>

(continued)

HOUSING AUTHORITY OF THE CITY OF MORRIS CITY
Program Number (F46-140)

Statements of Cash Flows (Continued)
Year Ended September 30, 2000

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in net assets	(479,060)
Adjustments to reconcile the decrease in net assets to net cash provided by operating activities -	
Depreciation	618,764
Increase or decrease in:	
Accounts receivable - tenants	(1,246)
Accounts receivable - HUD	(181,317)
Inventories	65
Miscellaneous other assets	19,418
Miscellaneous prepaid expenses	77,252
Tenant deposits held in trust	941
Accounts payable - operations	30,558
Accrued wages payable	(3,477)
Accrued compensated absences	(10,875)
HUD payable	221,217
Noncurrent liabilities - other	(149,314)
Miscellaneous current liabilities	1,858
Net cash used in operating activities	<u>(221,873)</u>

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-1481

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Organization and Operations

The Authority is a 300-unit apartment complex for persons of low income located in Morgan City, Louisiana. The Authority also administers a Section 8 Rental Voucher Program. The Authority was organized for the purpose of providing decent, safe and sanitary dwelling for persons of low income.

Legal title to the Authority is held by Housing Authority of the City of Morgan City, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-cost housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the City of Morgan City, Louisiana. Each member serves a five-year term on a rotating basis. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contribution contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

B. Reporting Entity

General accepted accounting principles require that the financial statements present the accounts and operations of the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and data from these units, if any, are combined with data of the Authority. Each discretely presented component unit, if any would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the Authority. As of September 30, 2001, and for the fiscal year ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

C. Fund Accounting

The Authority is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where (a) the intent of the governing body is that the cost (expense, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges, or (b) when the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FM-1403

Notes to Financial Statements (continued)

The Authority applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 in preparing financial statements and related disclosures unless those pronouncements conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements.

D. Income Taxes

Housing Authority of the City of Morgan City is a non-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 and is an organization that is not a private foundation as defined in Section 599(a) of the Code. It is also exempt from Louisiana income tax.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

F. Fixed Assets and Depreciation

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the assets. The Authority has a policy in place which requires the capitalization of all asset purchases of \$1,000 or greater.

Depreciation of all exhaustible fixed assets used by enterprise funds is charged as an expense against operations; and accumulated depreciation is reported on the balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	28 years
Building Improvements	18 years
Equipment	3 - 7 years
Site Improvements	28 years
Non-dwelling Structures	28 years

The recognition of depreciation begins upon placement of the asset into useful operation.

G. Distributions

The Authority's regulatory agreement with HUD stipulates, among other things, that the Authority will not make distributions of assets or income to any of its officers or directors.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-1403

Notes to Financial Statements (continued)

H. Cash Equivalents

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits having a maturity of three months or less when purchased.

I. Restrictive Covenants

The Authority is required by its HUD Annual Contribution Contracts to adopt annual budgets for the Low-Rent Housing Program and the Section 8 Programs. Annual budgets are not required for modernization and drug elimination grants as their budgets are approved for the length of the project.

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no increases of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables, or depreciation. The budget does reflect furniture and equipment additions from operations.

J. Retirement Plan

The Authority provides benefits for all of its full-time employees through a defined contribution plan. It is a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a three month probationary period. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

K. Compensated Absences

Employees earn annual leave based upon years of service, and may accrue up to 180 hours. Sick time is earned but not accrued since it is dependent upon a future event. Upon termination all accrued annual leave is paid. The liability for compensated absences is \$21,840.

L. Inventories

Inventories are stated at cost using the first-in first-out, (FIFO) method.

HOUSING AUTHORITY OF THE CITY OF MERIDIAN CITY
Program Number FW-1400

Notes to Financial Statements (continued)

(7) Cash and Certificates of Deposits

Under state law, the Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2002, the Authority had cash and interest-bearing deposits (bank balances) totaling \$281,183.

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 bank. 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. The following is a summary of deposit balances (bank balances) at September 30, 2002, and the related federal insurance and pledged securities:

Bank balances	\$281,183
Federal deposit insurance	\$200,000
Pledged securities (Category 2)	<u>31,689</u>
Total federal insurance and pledged securities	\$231,689

Pledged securities in Category 2 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Authority's name. Even though the pledged securities are considered uncollateralized (Category 2), Louisiana Revised Statute 18:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand.

(8) Net Assets

None of the Authority's net assets are subject to down-impared restrictions. Accordingly, all net assets are accounted for as unrestricted net assets under SFAS No. 117.

(9) Fixed Expenses

Under the regulatory agreement, the Authority may not increase rates charged to tenants without HUD approval. The monthly rent is based on the household's income.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1403

Notes to Financial Statements (continued)

15) Functional Allocation of Expenses

Expenses incurred in connection with Authority operations and expenditures made for corporate (mortgage entry) purposes have been summarized on a functional basis in the statement of activities.

16) Current Liabilities Due to Certain Concentrations

The Authority's major asset is a 100-unit apartment complex. The Authority's operations are concentrated in the multifamily real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number F96-1483

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2001

<u>Grant/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Housing and Urban Development		
Low Income Housing Operating Subsidy	14.850	\$ 417,213
Public and Indian Housing Drug Elimination Program	14.854	13,827
Section 8 Housing Choice Vouchers	14.871	385,587
Public Housing Comprehensive Grant Program	14.858	44,789
Public Housing Capital Fund Program	14.872	<u>166,619</u>
		<u>\$ 1,007,035</u>

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1483

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2002

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Housing Authority of the City of Morgan City (the Authority). The Authority's reporting entity is defined in Note 1 to the financial statements for the year ended September 30, 2002. All federal financial assistance received is received directly from federal agencies and is included on the schedule of expenditures of federal awards. The major federal programs of the Authority were the Low Income Housing Operating Subsidy and the Section 8 Housing Choice Vouchers, both received directly from the United States Department of Housing and Urban Development.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Authority and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-113, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

(3) Relationship to Financial Statements

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-1403

Supplemental Data Required By HUD
September 30, 1982

COMBINATION OF SURPLUS CASH - ANNUAL

Cash	\$ 283,383
Tenant vouchers due	185,399
Current obligations:	
Accounts payable due within 30 days	160,957
Accrued expenses	375,394
Tenant security deposits	<u>30,000</u>
Total current obligations	<u>566,351</u>
Surplus cash (deficiency)	<u>\$117,321</u>

(continued)

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
 Project Number PR-040

Supplemental Data Required By HUD (Continued)
 September 30, 2002

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS

	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 140,000		\$ -	\$ 140,000
Buildings	8,124,192	86,780	-	8,210,972
Building equipment	187,648	14,290	-	201,938
Office furniture and equipment	180,000	-	-	180,000
Landscape improvements	969,112	26,870	-	995,982
Total	\$ 9,621,172	\$ 127,940	\$ -	\$ 9,749,112
Accumulated depreciation	<u>\$ 4,578,812</u>	<u>\$ 818,364</u>	<u>\$ -</u>	<u>\$ 5,397,176</u>

OTHER SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
 Program Manual PW-1481

Continuing Statement of Financial Position
 September 30, 2005

ACCOUNT	Public Housing Programs			PHA Debt Exclusion	Section 8 Program Total Vouchers	Total
	Low Rent	CCP	CDF			
Current assets:						
0111 Cash - operating	\$ 16,991	\$ -	\$ -	\$ -	\$ 16,990	\$ 213,281
0122 Trust receipts, net of allowance	3,240	-	-	-	-	3,240
0125 Accounts receivable - PHA	1,899	-	91,521	12,175	-	105,595
Inventory	47,200	-	-	-	-	47,200
Inventory	4,610	-	-	-	-	4,610
0179 Receivables	1,891	-	-	-	-	1,891
0210 Miscellaneous prepaid expense	95,300	-	-	-	-	95,300
Total current assets	<u>206,212</u>	<u>-</u>	<u>91,521</u>	<u>12,175</u>	<u>166,990</u>	<u>558,312</u>
Restricted assets:						
1114 Trust assets held in trust	14,000	-	-	-	-	14,000
Total restricted assets	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,000</u>
Property and equipment:						
1000 Land	140,000	-	-	-	-	140,000
1000 Buildings	3,080,713	1,449,028	60,990	-	-	4,579,731
1020 Building improvements	605,179	241,813	42,700	-	-	889,692
1050 Building equipment (expendable)	-	109,283	29,415	-	-	138,698
1070 Administrative equipment	152,950	31,528	-	-	18,523	183,001
Total fixed assets	<u>4,938,842</u>	<u>1,852,654</u>	<u>133,405</u>	<u>-</u>	<u>18,523</u>	<u>6,793,424</u>
1090 Less: Accumulated depreciation	<u>(1,872,122)</u>	<u>(249,817)</u>	<u>-</u>	<u>-</u>	<u>(18,523)</u>	<u>(2,139,462)</u>
Net fixed assets	<u>3,066,720</u>	<u>1,602,837</u>	<u>133,405</u>	<u>-</u>	<u>-</u>	<u>4,652,962</u>
Total assets	<u>\$ 2,304,944</u>	<u>\$ 1,311,211</u>	<u>\$ 224,926</u>	<u>\$ 12,175</u>	<u>\$ 134,510</u>	<u>\$ 4,078,212</u>

(continued)

ACCOUNTS RECEIVABLE OF THE CITY OF MISSOURI CITY
 Program Number 191-140

Comparing Statement of Financial Position (continued)
 September 30, 2002

	Public Housing Program			Pay Due Estimate	Section B Program Fund		Total
	Less Fund	CFP	CFP		General	Special	
LIABILITIES, DEFERRED ASSETS							
Current liabilities:							
3111 Accounts payable - operations	\$ 78,071	-	\$ 28,000	\$ 10,000	\$ -	\$ -	\$ 100,071
3112 Accounts payable - payroll	4,071	-	-	-	119	-	4,190
3113 Accounts payable	29,490	-	-	-	8,076	-	37,566
3119 Accrued payroll	-	-	8,113	2,089	31,066	-	41,268
3160 Miscellaneous current liabilities	8,226	-	-	-	-	-	8,226
Total current liabilities	<u>119,858</u>	<u>-</u>	<u>36,113</u>	<u>12,089</u>	<u>49,261</u>	<u>-</u>	<u>217,321</u>
Other liabilities:							
3111 Taxes deposits held in trust	28,681	-	-	-	-	-	28,681
Current liabilities:							
Accrued compensated absences	21,041	-	-	-	-	-	21,041
Non-current liabilities:							
For accumulated debts	2,811,011	1,201,221	666,882	-	21,893	-	4,699,907

Total liabilities and net assets

\$ 4,414,099 \$ 1,201,221 \$ 259,882 \$ 12,079 \$ 196,299 \$ 4,779,312

Accounting entries or adjustments allowed

EXPENDING AND RECEIPTS OF THE CITY OF MOBILE/CITY

Project Number PR-0001

Combining Statement of Activities
Year Ended September 30, 2003

	Public-Use/Supporting Programs				Section 8		Total
	Low Rent	CCP	CTP	PH Funding Eligibility	Support Number	Number	
REVENUES							
1100 Rent revenue - gross potential	\$ 894,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 894,000
1200 Excise Licenses	87,000	-	-	-	-	-	87,000
1300 Shared activities payments	-	-	-	-	50,000	-	50,000
1400 PMA Clean Revenue	411,207	46,700	88,000	83,807	1,170	-	708,984
1700 Non-renting Rental	31,000	-	-	-	-	-	31,000
Total Rental Revenue	1,323,207	46,700	88,000	83,807	51,170	-	1,592,884
1800 Revenue from investments-related activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Revenues	1,323,207	46,700	88,000	83,807	51,170	-	1,602,884
1900 Miscellaneous revenue	80,000	46,700	288,000	83,807	280,000	280,000	800,507
Total revenue	1,403,207	93,400	376,000	167,614	281,170	280,000	1,701,391
EXPENSES							
4100 Construction and meeting	-	-	-	-	2,400	-	2,400
4170 Bookkeeping/financial/consulting services	14,000	-	-	-	4,400	-	18,400
4180 Office salaries	110,000	-	-	-	20,000	-	130,000
4110 Office expenses	21,000	-	-	5,000	4,700	-	30,700
4120 Auto expense	11,000	-	-	-	-	-	11,000
4200 Maintenance administrative expenses	11,000	-	-	80,000	1,000	-	102,000
Total administrative expense	111,000	-	-	85,000	4,800	-	200,800
4300 Electricity	44,000	-	-	-	-	-	44,000
4310 Gas	14,700	-	-	-	-	-	14,700
4320 Sewer	20,000	-	-	-	-	-	20,000
4330 Water	30,000	-	-	-	-	-	30,000
Total utilities expense	108,700	-	-	-	-	-	108,700
4400 Payroll	144,000	-	-	-	-	-	144,000
4410 Supplies	44,000	-	-	-	-	-	44,000
4420 Contract	31,000	-	-	-	20,000	-	51,000
4430 Carriage and tools worn	11,000	-	-	-	-	-	11,000
4440 Staff Cost	41,000	4,000	5,000	-	-	-	50,000
Total operating and maintenance expense	218,700	4,000	10,000	-	20,000	-	252,700

Continued

ACCOUNTS RECEIVABLE OF THE CITY OF BIRMINGHAM
Program Number 001-1-001

Continuing Statement of activities (Continued)
Year Ended September 30, 2003

	Public Housing Programs				Section 8	
	Law Cost	DEP	CTP	DPH Rehabilitation	Program Budget	Transfers
Real estate taxes						
Payroll taxes (property owners)	11,259	-	-	-	-	-
Property and liability insurance (tenant)	116,576	-	-	-	-	17,208
Single insurance and other employee benefits	16,628	-	-	-	2,799	28,814
Administrative taxes, licenses, permits, and insurance	20,887	-	-	-	1,182	18,674
Total taxes and insurance	265,150	-	-	-	4,061	65,706
Insurance expense						
Misc utility expense	-	-	-	-	771	771
Total cost of operations before Depreciation	1,042,312	1,178	8,911	81,817	190,280	1,480,483
Account is not used before Depreciation	139,800	81,811	166,898	-	14,879	139,679
Depreciation expense						
Decrease in net assets after depreciation	852,814	81,726	-	-	-	618,784
Total cost of operations before depreciation	1,258,682	133,275	165,642	-	14,879	1,489,288
Transfers in						
Transfers out	(11,290)	-	11,298	-	-	(11,992)
Total other financing sources	(11,290)	-	11,298	-	-	(11,992)
Total decrease in net assets	(980,496)	(81,675)	(144,348)	-	(14,879)	(479,398)
Net assets, beginning of year	1,643,111	1,265,326	47,075	-	28,811	4,888,781
Net assets, end of year	\$ 1,287,017	\$ 1,273,211	\$ 196,887	\$ -	\$ 20,833	\$ 3,489,413

All accompanying notes are an integral part of this statement.

**REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS (GAS)
AND OFFICE OF MANAGEMENT AND BUDGET (OMB)
REVISED CIRCULAR A-135**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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OTHER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
The Housing Authority of the City of Morgan City
Morgan City, Louisiana

We have audited the financial statements of Housing Authority of the City of Morgan City, as of and for the year ended September 30, 2003, and have issued our report thereon dated May 1, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Morgan City's financial statements are free from material misstatement, we 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and are described in the accompanying corrective action plan for current year findings.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Morgan City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted instances involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Housing Authority of the City of Morgan City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not induce 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. Our 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, reportable conditions we believe to be material weaknesses are identified on the corrective action plan for current year findings.

This report is intended for the information of management, the Board of Directors, and federal assisting agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kobler, Chappagne, Stron & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 1, 2013

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the Housing Authority of the City of Morgan City did not comply in all material respects with the requirements referred to above that are applicable to its Public Housing Capital Fund Program for the year ended September 30, 2002. Also, in our opinion, except for the noncompliance described in the preceding paragraph, the Housing Authority of the City of Morgan City complied, in all material respects with the requirements referred to above that are applicable to its Low Income Operating Housing Subsidy for the year ended September 30, 2002. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-113 and which are described in the accompanying corrective action plan for current year findings.

Internal Control Over Compliance

The administration 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 our audit, we 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-113.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs and identified in the corrective action plan for current year findings.

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. Our 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. We noted certain matters involving the internal control over compliance and its operation that we consider material weaknesses which are described in the accompanying schedule of findings and questioned costs and identified in the corrective action plan for current year findings.

This report is intended solely for the information of management, the Board of Directors, and federal awarding agencies and is not intended to be used or should not be used by anyone other than these specified parties.

Kaiser, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 1, 2003

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PA-1463

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

Part I. Summary of Auditor's Results

- i. A qualified opinion has been issued on Housing Authority of the City of Morgan City's financial statements as of and for the year ended September 30, 2002.
- ii. Reportable conditions in internal control were disclosed by the audit of the financial statements and some of the conditions are considered material weaknesses.
- iii. The audit disclosed instances of noncompliance which are considered material to the financial statements.
- iv. Reportable conditions in internal control over major programs were disclosed by the audit.
- v. The compliance report issued for major programs was qualified.
- vi. The report disclosed audit findings required to be reported under § 310(a) of OMB Revised Circular A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

<u>CEDAR</u>	<u>Name of Program</u>
14.858	Low Rent Public Housing
14.871	Section 8 Housing Choice Vouchers

- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- ix. The auditor did not qualify as a low risk auditor under § 310.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FH-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

Part II. Findings Relating to the financial statements required to be reported in accordance with Government Auditing Standards

(B)-01 Segregation of Duties

CONDITION Accounting and financial functions are not adequately segregated.

CRITERIA SAS95, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 51, AICPA (1996) defines internal control as follows:

Internal control is a process – effected by an entity's board of directors, management, and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

CAUSE The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defractions may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number 190-1001

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(91-02) Fixed Asset Listing

CONDITION An inventory of fixed assets is not adequately maintained and periodically reconciled to the general ledger balances.

CRITERIA SAS91, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 55*, AU §319.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations."

Additionally, LSA-RS 24:519(D)(1), *Records of General Fixed Assets*, states:

The head of every authority subject to examination and audit under the provisions of R.S. 24:519(A) shall maintain records of all land, buildings, improvements other than buildings, equipment, and other general fixed assets which were purchased or otherwise acquired, and for which the entity is accountable. The records shall include information as to the date of the purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of.

CAUSE The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control and compliance with state statute.

EFFECT Failure to adequately maintain an accurate asset listing increases the risk that errors and/or irregularities including fraud and/or deficiencies may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-040

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(II-04) Dwelling equipment inventory

CONDITION: A listing of dwelling equipment is not adequately maintained and reconciled to a physical inventory for additions and deletions.

CRITERIA: SAS55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 55*, AICPA §105.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Additionally, LSA-RS 24:215(D)(1), *Records of General Fixed Assets*, reads:

The head of every audit subject to examination and audit under the provisions of R.S. 24:212(A) shall maintain records of all land, buildings, improvements other than buildings, equipment, and other general fixed assets which were purchased or otherwise acquired, and for which the entity is accountable. The records shall include information as to the date of the purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately maintain an accurate inventory listing increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1400

Schedule of Findings and Questioned Costs
Year Ended September 30, 2003

602-84) Budget

CONDITION Budgets were not properly monitored and amended resulting in an overexpenditure in the low-cost operating budget in excess of 10%.

CRITERIA SAS95, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS98, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 35, AU §319.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

CAUSE The condition results from a failure to process, update and review general ledger transactions on a timely basis.

EFFECT The Housing Authority may not prevent and/or detect compliance violations due to overexpenditure of the appropriate budget, and/or errors or irregularities on a timely basis.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number 79-1483

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(22-02) Asset disposition

CONDITION: An asset in the amount of \$15,967 was removed from the general ledger, however, the asset was still in the Authority's possession.

CRITERIA: SAS81, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 33, AU §219.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately maintain an accurate asset listing increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

(22-86) Filing of audit report

CONDITION: Audited financial statements were not submitted to the Legislative Auditor in a timely manner.

CRITERIA: Louisiana Revised Statute 24:513A(7)(a) states, in part:

"Such audits (as required by LSA-RS 24:513)(1) shall be completed within six months of the close of the entity's fiscal year."

CAUSE: The condition is due to the delay of audit procedures pending the conclusion of an investigation by HUD regarding the operations of the Authority.

EFFECT: Failure to timely submit audited financial information places the Authority in violation of state statute.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(02-87) Procurement

CONDITION Purchases were made with no evidence of quotes and/or bids being obtained and no evidence in the board minutes of the solicitations and acceptance of the purchases being presented to the board for approval.

CRITERIA 24 CFR Section 81.36 (b)(1) Procurement states:

"Owners and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

Additionally, the Morgan City Housing Authority Procurement Policy Section II, Revision #999 states:

"For small purchases in excess of \$1,000 but not exceeding \$25,000, no less than three (3) offers shall be solicited to submit price quotations, which may be obtained orally, by telephone, or in writing as allowed by State or local laws."

Furthermore, the Public Bid Law (specifically, LSA-RS 38:2212.5(A)(1)) states:

"(a) All purchases of materials and supplies exceeding the sum of fifteen thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised and no such purchase shall be made except as provided in this Part.

(b) However, purchases of seven thousand five hundred dollars or more, but less than fifteen thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations. A written confirmation of the accepted offer shall be obtained and made a part of the purchase file. If quotations lower than the accepted quotation are received, the reasons for their rejection shall be recorded in the purchase file."

CAUSE Lack of knowledge of federal procurement policies and related state statutes or failure to comply with those policies and statutes.

EFFECT Failure to comply with procurement policies may lead to an excess of expenditures which may be material to the financial statements.

HOUSING AUTHORITY OF THE CITY OF MERIDIAN CITY
Program Number FHF-1483

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(02-08) Tenant Security Deposits

CONDITION A separate bank account is not being maintained for tenant security deposits.

CRITERIA HUD Handbook 4178.2 REV-1/Financial Operations and Accounting, Chapter 2 -9 Security Deposits states, in part:

"In instances where the Regulatory Agreement allows the receipt of security deposits from project tenants, a separate bank account should be established to maintain these funds. ...There shall be one Security Deposit Account per project. Funds in the single Security Deposit Account must not be commingled with any other funds. ...In cases where the funds in the project's Security Deposit bank account exceed the amount that may be insured by the federal government(\$100,000/bank), the project may open another bank account for the excess amounts.

CAUSE The condition exists due to a lack of knowledge of the HUD Handbook or the failure to comply with those provisions.

EFFECT The Housing Authority is not in compliance with HUD regulations.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(12-09) Low Rent tenant files

CONDITION Six tenant files out of the ten Low Rent tenant files sampled did not have proper documentation. Four of the files did not have the required three forms of identification (social security card, picture I.D., and birth certificate). One file was found to be in violation of the occupancy standards. Lastly, one file lacked proof of income verification for the 2002 fiscal year.

CRITERIA SAS81, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 81, AU §319.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

CAUSE The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT Failure to adequately maintain tenant files increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Program Number F98-1463

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(02-18) Section 8 tenant files

CONDITION The Authority is not maintaining proper documentation for Section 8 tenant files. Fourteen tenant files out of the fourteen sampled did not have proper documentation. Seven of the files did not have the required three forms of identification (social security card, picture ID, and birth certificate). For two files the Authority used the incorrect room size in calculating tenant rent assistance. One file lacked any type of income verification, while three files stored no documentation for additional adults living in a unit. On form 58058 (rent calculation) for one tenant, an additional household member was listed for the calculation of rent, however the additional member's name appears on no other forms as a member of the household. One file was not leased in accordance with Occupancy Standards. All fourteen tenant files had one or more items missing or incomplete (Items required by either HUD's regulations or the Authority).

CRITERIA SAS95, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS98, Consideration of Internal Control in a Financial Statement Audit. An Amendment to Statement on Auditing Standards No. 13, SA 1319.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

CAUSE The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control and compliance with generally accepted accounting principles.

EFFECT Failure to adequately maintain tenant files increases the risk that errors and/or irregularities (including fraud and/or defractions) may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-0403

Schedule of Findings and Questioned Costs
Year Ended September 30, 2003

(92-11) Supporting Documentation

CONDITION: Certain expenditures did not evidence proper approval and/or supporting documentation. Fifteen expenditures out of the 130 sampled did not have an authorizing signature properly approving the expense. Two invoices were found to have no purchase order attached.

CRITERIA: SAS55, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 33, AU §219.05 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations."

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control and compliance with generally accepted accounting principles.

EFFECT: Failure to obtain proper approval and/or supporting documentation for expenditures increases the risk that errors and/or irregularities including fraud and/or deficiencies may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(B)-12) Cell phone policy

CONDITION: The Authority's policy on cell phone usage does not adequately describe procedures for administering and enforcing the terms of the policy.

CRITERIA: SAS80, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS86, Consideration of Internal Control in a Financial Statement Audit. An Amendment to Statement on Auditing Standards No. 35, AU §319.86 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control and compliance with generally accepted accounting principles.

EFFECT: Failure to adequately describe procedures for administering and enforcing the terms of policies increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 2003

(E)(1) Reimbursed expenses

CONDITION Purchases of certain items for employee use and consumption appear to be unnecessary.

CRITERIA Louisiana Constitution, Article 7, Section 14 states that funds, credit, property, or things of value of the political subdivision shall not be loaned, pledged, or donated to or for any person. Additionally, SASIS, Consideration of Internal Control in a Financial Statement Audit, as amended by SASIB, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 55, AU §519.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations."

CAUSE The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT Failure to adequately review expenditures documentation increases the risk that errors and/or irregularities including fraud and/or defractions may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 1993

(62-14) Low Rent tenant files

CONDITION Lack of documentation in Low Rent tenant files puts the Authority in violation of their policy manual and Federal regulations.

CRITERIA Paragraph 1A.1, Section A, entitled *Admission and Continued Occupancy Policy* handbook of the Morgan City Housing Authority states:

"This *Admissions and Continued Occupancy Policy (the Plan)* incorporates these requirements and is binding upon applicants, residents, and PHA staff, the latter two through inclusion of the Plan into the *Dwelling Lease* by reference."

Furthermore, the *Admission and Continued Occupancy Policy* handbook later states in paragraph 1A.1, Section A, *Source of Standards* that:

"The pertinent laws of the Federal, State and Municipal Governments. The Contractual agreements pertaining to the various developments and/or programs between the PHA, State and/or Federal agencies. The provision of Title 24, Sub-part B (Sections 960.201 thru 960.287), Sub-part D (Sections 960.401 thru 960.408) and Sub-part A (Sections 968.1 thru 968.6) as set forth in the Code of Federal Regulations, Volume 49, Numbers 115, 114 and 183."

CAUSE Lack of knowledge of the Admission and Continued Occupancy policies and the Federal regulations that authorize such policies.

EFFECT Failure to maintain adequate records places the Authority in violation of their *Admission and Continued Occupancy Policy* handbook and the applicable Code of Federal Regulations.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number 998-1400

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(02-15) Section 8 tenant files

CONDITION Lack of documentation in Section 8 tenant files puts the Authority in violation of their policy manual and Federal regulations.

CRITERIA Paragraph 1A.1, Section A, entitled *Authority of the Admission and Continued Occupancy Policies* handbook of the Morgan City Housing Authority states:

"This *Admissions and Continued Occupancy Policy (the Plan)* incorporates these requirements and is binding upon applicants, residents, and PHA allies, the latter two through inclusion of the Plan into the Dwelling Lease by reference."

Furthermore, the *Admissions and Continued Occupancy Policies* handbook later states in paragraph 3A.1, Section A, *Source of Standards* that:

"The pertinent laws of the Federal, State and Municipal Governments. The Contractual agreements pertaining to the various developments and/or programs between the PHA, State and/or Federal agencies. The provision of Title 24, Sub-part B (Section 960.201 thru 960.207), Sub-part D (Section 960.481 thru 960.499) and Sub-part A (Section 966.1 thru 966.6) as set forth in the Code of Federal Regulations, Volume 40, Numbers 133, 134 and 188."

CAUSE Lack of knowledge of the Admission and Continued Occupancy policies and the Federal regulations that authorize such policies.

EFFECT Failure to maintain adequate records places the Authority in violation of their Admission and Continued Occupancy Policies handbook and the applicable Code of Federal Regulations.

(02-16) Personnel files

CONDITION Some personnel files did not contain I-9s and W-4s. Seven of the nine files selected did not have an I-9 or it was not complete. Two of the files did not have a W-4.

CRITERIA Code of Federal Regulations (CFR) Title 8 - Aliens and Nationality, Subpart A - Employer Requirements, Sec. 174a.2 - Verification of Employment Eligibility (b) (2) *Retention and Inspection of Form I-9 (i) (A)* states that Form I-9 must be retained by an employer for three years after the date of the hire or one year after the date the individual's employment is terminated, whichever is later.

CAUSE Lack of knowledge or failure to comply with federal regulations.

EFFECT No financial statement effect.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(E)-17) Travel Expenses

CONDITION Authority employees were paid per diem amounts in excess of that provided by Joint Travel Regulations (JTR).

CRITERIA FAR 31.201-66 Par (a)(1)(2) states:

"Costs incurred for lodging, meals, and incidental expenses shall be considered to be reasonable and allowable only to the extent that they do not exceed on a daily basis the maximum per diem rates in effect at the time of travel as set forth in the (3) Joint Travel Regulation, Volume 2 DoD Civilian Personnel, Appendix A, prescribed by the Department of Defense, for travel in Alaska, Hawaii, The Commonwealth of Puerto Rico, and territories and possessions of the United States."

CAUSE Lack of knowledge of the Joint Travel Regulations.

EFFECT Failure to comply with JTR may lead to excess expenditures for travel which may be material to the financial statements.

(E)-18) Employee Disability Insurance

CONDITION Employee Disability Insurance of \$25,000, per occurrence, does not equal or exceed the prescribed minimum coverage required by HUD.

CRITERIA HUD Guidebook 7401.3, Public and Indian Housing Property/Casualty Insurance Requirements, cited as a requirement, but retained as guidance to interpreting the regulations, Chapter 8-13, Required Minimum Limits, states, in part:

"The recommended minimum limit is based on the cash flow of the FIRA/PIRA. The Department has developed a work sheet to measure the cash flow from which the required minimum limit is determined."

CAUSE The condition results from a failure to comply with the requirements of HUD Guidebook 7401.3, Public and Indian Housing Property/Casualty Insurance Requirements, cited as a requirement, but retained as guidance to interpreting the regulations.

EFFECT Failure to purchase adequate Employee Disability Insurance places the Authority in violation of HUD Guidebook 7401.3, Chapter 8-13, Required Minimum Limits.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1483

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

Part III. Findings and questioned costs for Federal awards defined in OMB Circular A-133, §8.18(a)

(02-04) Segregation of Duties

PROGRAMS: Low Income Housing Subsidy - CFDA No. 14.850
Public and Indian Housing Drug Elimination Program - CFDA No. 14.854
Section 8 Housing Choice Vouchers - CFDA No. 14.871
Public Housing Comprehensive Grant Program - CFDA No. 14.829
Public Housing Capital Fund Program - CFDA No. 14.872

CONDITION Accounting and financial functions are not adequately segregated.

CRITERIA SAS15, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 15, AA) §114.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Additionally, Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, §10, Standards for Financial Management Systems, states, in part:

"Recipients' financial management systems shall provide... Effective controls over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all cash assets and assets they are used solely for authorized purposes... Written procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award... Accounting records including cost accounting records that are supported by source documentation.

CAUSE The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defractions may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1485

Schedule of Findings and Questioned Costs
Year Ended September 30, 2003

(01-02) Fixed Asset Listing and (02-01) Dwelling equipment inventory

PROGRAMS Low Income Housing Subsidy - CFDA No. 14.818
Section 8 Housing Choice Voucher - CFDA No. 14.871

COMPLIANCE REQUIREMENT Equipment and Real Property Management

CONDITION An inventory of fixed assets is not adequately maintained and periodicity ascribed in the general ledger balances.

CRITERIA Office of Management and Budget Circular A-118, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, (1-9), Equipment status:

- (1) Equipment shall be maintained accurately and shall include all of the following information (detail omitted)
- (2) Equipment owned by the Federal Government shall be identified to indicate Federal ownership.
- (3) A physical inventory of equipment shall be taken and the results reconciled with equipment records at least once every two years. Any differences between quantities determined by physical inspection and those shown in the accounting records shall be investigated to determine the cause of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.
- (4) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft.
- (5) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

CAUSE The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control and compliance with federal regulations.

EFFECT Failure to adequately maintain an accurate asset listing increases the risk that errors and/or irregularities including fixed and/or defalcations may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 1993

(02-07) Procurement

PROGRAMS: Low Income Housing Subsidy - CFDA No. 14.850
Public Housing Capital Fund Program - CFDA No. 14.873

COMPLIANCE REQUIREMENT: Procurement

QUESTIONED COSTS: Low Income Housing Subsidy	\$11,298
Public Housing Capital Fund Program	\$12,668

CONDITION: Purchases were made with no evidence of quotes and/or bids being obtained and no evidence in the board minutes of the solicitations and acceptance of the purchases being presented to the board for approval.

CRITERIA: 24 CFR Section 85.14 (b)(1). Procurement states:

"Contract and subcontracts will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurement conform to applicable Federal law and the standards identified in this section."

Additionally, the Morgan City Housing Authority Procurement Policy Section III, Resolution #329 states:

"For small purchases in excess of \$1,000 but not exceeding \$25,000, no less than three (3) offers shall be solicited to submit price quotations, which may be obtained orally, by telephone, or in writing as allowed by State or local laws."

CAUSE: Lack of knowledge of federal procurement policies or failure to comply with those policies.

EFFECT: Failure to comply with procurement policies may lead to an excess of expenditures which may be material to the financial statements.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1401

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(C)-88) Tenant Security Deposits

PROGRAM: Low Income Housing Subsidy - CTDA No. 14,890

CONDITION: A separate bank account is not being maintained for tenant security deposits.

CRITERIA: HUD Handbook 4150.2 REN (Financial Operations and Accounting, Chapter 2-4 Security Deposits states, in part:

"In instances where the Regulatory Agreement allows the receipt of security deposits from project tenants, a separate bank account should be established to maintain these funds...There shall be one Security Deposit Account per project. Funds in the single Security Deposit Account must not be commingled with any other funds...In cases where the funds in the project's Security Deposit bank account exceed the amount that may be insured by the federal government (\$100,000/bank), the project may open another bank account for the excess amounts.

CAUSE: The condition exists due to a lack of knowledge of the HUD Handbook or the failure to comply with these provisions.

EFFECT: The Housing Authority is not in compliance with HUD regulations.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1483

Schedule of Findings and Questioned Costs
Year Ended September 30, 2003

(32-89) Low Rent tenant files

PROGRAM: Low Income Housing Subsidy - CFDA No. 14.854

CONDITION: Six tenant files out of the ten Low Rent tenant files sampled did not have proper documentation. Four of the files did not have the required three forms of identification (social security card, picture I.D., and birth certificate). One file was found to be in violation of the occupancy standards. Lastly, one file lacked proof of income verification for the 2002 fiscal year.

CRITERIA: SAS51, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 51*, AU §109.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Additionally, Office of Management and Budget Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, §21, *Standards for Financial Management Systems*, states, in part:

"Recipients' financial management systems shall provide...Effective controls over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes...Written procedures for determining the reasonableness, allowability and allocability of costs in assistance with the provisions of the applicable Federal cost principles and the terms and conditions of the award... Accounting records including cost accounting records that are supported by source documentation.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately maintain tenant files increases the risk that errors and/or irregularities including fraud and/or defractions may occur and not be prevented and/or detected.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-0481

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(02-02) Section 8 tenant files

PROGRAM: Section 8 Housing Choice Vouchers - CHVA No. 14,871

CONDITION: The Authority is not maintaining proper documentation for Section 8 tenant files. Fifteen tenant files out of the fourteen sampled did not have proper documentation. Seven of the files did not have the required three forms of identification (social security card, picture ID, and birth certificate). For two files the Authority used the incorrect room size in calculating tenant rent assistance. One file lacked any type of income verification, while three files showed no documentation for additional adults living in a unit. On firm 5005H (rent calculation) for one tenant, an additional household member was listed for the calculation of rent, however the additional member's name appeared on no other forms as a member of the household. One file was not closed in accordance with Occupancy Standards. All fourteen tenant files had one or more items missing or incomplete (Forms required by either H.U.D. regulations or the Authority).

CRITERIA: SASSE, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SASM, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 35*, AU §118.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Additionally, Office of Management and Budget Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, §21, *Standards for Financial Management Systems*, states, in part:

"Recipients' financial management systems shall provide...Effective controls over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and ensure they are used solely for authorized purposes...Written procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award... Accounting records including cost accounting records that are supported by source documentation.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control and compliance with generally accepted auditing principles.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number F96-1483

Schedule of Findings and Questioned Costs
Year Ended September 30, 2000

EFFECT: Failure to adequately maintain tenant files increases the risk that errors and/or irregularities including fiscal and/or deficiencies may occur and not be prevented and/or detected.

(60-11) Supporting Documentation

PROGRAMS: Low Income Housing Subsidy - CFDA No. 14-810
Section 8 Housing Choice Vouchers - CFDA No. 14-871

COMPLIANCE REQUIREMENT: Allowable Costs/Cost Principles

QUESTIONED COSTS: Low Income Housing Subsidy	\$ 3,201
Public Housing Capital Fund Program	\$19,331

CONDITION: Certain expenditures did not evidence proper approval and/or supporting documentation. Fifteen expenditures out of the 130 sampled did not have an authorizing signature properly approving the expense. Two invoices were found to have no purchase order attached.

CRITERIA: SAS15, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS18, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 15, AU §319.06 defines internal control as follows:

"Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Additionally, Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, §21, Standards for Financial Management Systems, states, in part:

"Recipients' financial management systems shall provide . . . effective controls over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and ensure they are used solely for authorized purposes. . . . Written procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award. . . . Accounting records including cost accounting records that are supported by source documentation.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-0481

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

CAUSE The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control and compliance with generally accepted accounting principles.

EFFECT Failure to obtain proper approval and supporting documentation for expenditures the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

(K-12) Cell phone policy

PROGRAM Low Income Housing Subsidy Program -- CTDA No. 14.850

CONDITION The Authority's policy on cell phone usage does not adequately describe procedures for administering and enforcing the terms of the policy.

CRITERIA SAS95, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 55*, AU §115.06 defines internal control as follows:

"Internal control is a process -- effected by an entity's board of directors, management, and other personnel -- designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Additionally, Office of Management and Budget Circular A-118, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, §21, *Standards for Financial Management Systems*, states, in part:

"Recipients' financial management systems shall provide... Effective controls over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assets they are used solely for authorized purposes... Written procedures for determining the reasonableness, allowability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award... Accounting records including cost accounting records that are supported by source documentation.

CAUSE The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control and compliance with generally accepted accounting principles.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-0461

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

EFFECT: Failure to adequately describe procedures for administering and enforcing the terms of policies increases the risk that errors and/or irregularities including fraud and/or defractions may occur and not be prevented and/or detected.

(E)-13) Reimbursed expenses

PROGRAM: Low Income Housing Subsidy Program --CFDA No. 14.839

COMPLIANCE REQUIREMENT: Allowable Costs/Cost Principles

QUESTIONED COSTS: \$108

CONDITION: Purchases of certain items for employee use and consumption appear to be unnecessary.

CRITERIA: Louisiana Constitution, Article I, Section 14 states that funds, credit, property, or things of value of the political subdivisions shall not be loaned, pledged, or donated to or for any person. Additionally, SAS15, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 51, AU (2)10.66 defines internal control as follows:

"Internal control is a process -- effected by an entity's board of directors, management, and other personnel -- designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Additionally, Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, (21), Standards for Financial Management Systems, states, in part:

"Recipients' financial management systems shall provide... Effective controls over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes... Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award... Accounting records including cost accounting records that are supported by source documentation.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number PW-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

EFFECT Failure to adequately review expenditure documentation increases the risk that errors and/or irregularities including fraud and/or defractions may occur and not be presented and/or detected.

(02-14) Low Rent tenant files

PROGRAM Low Income Housing Security Program – CPDA No. 14 B19

CONDITION Lack of documentation in Low Rent tenant files puts the Authority in violation of their policy manual and Federal regulations.

CRITERIA Paragraph 1A.1, Section A, entitled *Authority of the Admission and Continued Occupancy Policies* handbook of the Morgan City Housing Authority states:

"This Admission and Continued Occupancy Policy (the Plan) incorporates these requirements and is binding upon applicants, residents, and PHA alike, the latter two through inclusion of the Plan into the Dwelling Leases by reference."

Furthermore, the *Admission and Continued Occupancy Policies* handbook later states in paragraph 1A.1, Section A, *Source of Standards* that:

"The pertinent laws of the Federal, State and Municipal Governments. The Contractual agreements pertaining to the various developments and/or programs between the PHA, State and/or Federal agencies. The provisions of Title 24, Sub-part B (Sections 960.201 thru 960.207), Sub-part D (Section 960.48) thru 960.499) and Sub-part A (Section 960.1 thru 960.6) as set forth in the Code of Federal Regulations, Volume 40, Numbers 191, 194 and 195."

CAUSE Lack of knowledge of the Admission and Continued Occupancy policies and the Federal regulations that authorize such policies.

EFFECT Failure to maintain adequate records places the Authority in violation of their Admission and Continued Occupancy Policies handbook and the applicable Code of Federal Regulations.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FH-1403

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

92-15) Section 8 tenant files

PROGRAM Section 8 Housing Choice Vouchers - CFDA No. 14.871

CONDITION Lack of documentation in Section 8 tenant files puts the Authority in violation of their policy manual and Federal regulations.

CRITERIA Paragraph 1A.1, Section A, entitled *Admission and Continued Occupancy Policies* handbook of the Morgan City Housing Authority states:

"This *Admission and Continued Occupancy Policy (the Plan)* incorporates these requirements and is binding upon applicants, residents, and PHA staff, the latter two through inclusion of the Plan into the *Dwelling Lease by reference.*"

Furthermore, the *Admission and Continued Occupancy Policies* handbook later states in paragraph 1A.1, Section A, *Source of Standards* that:

"The pertinent laws of the Federal, State and Municipal Governments. The Contractual agreements pertaining to the various developments and/or programs between the PHA, State and/or Federal agencies. The provision of Title 24, Sub-part D (Section 960.281 thru 960.207), Sub-part D (Section 960.481 thru 960.499) and Sub-part A (Section 960.1 thru 960.4) as set forth in the Code of Federal Regulations, Volume 40, Numbers 153, 154 and 158."

CAUSE Lack of knowledge of the *Admission and Continued Occupancy* policies and the Federal regulations that authorize such policies.

EFFECT Failure to maintain adequate records places the Authority in violation of their *Admission and Continued Occupancy Policies* handbook and the applicable Code of Federal Regulations.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number FW-1400

Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

(02-17) Travel expenses

PROGRAM Low Income Housing Subsidy Program - CPDA No. 14390

COMPLIANCE REQUIREMENT Allowable Costs/Cost Principles

QUESTIONED COSTS \$208

CONDITION Employees were paid per diem amounts in excess of that provided by Joint Travel Regulations (JTR).

CRITERIA FAR 31.205-46 Par (a)(2)(3) states:

"Costs incurred for lodging, meals, and incidental expenses shall be considered to be reasonable and allowable only to the extent that they do not exceed on a daily basis the maximum per diem rates in effect at the time of travel as set forth in the (1) Joint Travel Regulations, Volume 1 DoD Civilian Personnel, Appendix A, prescribed by the Department of Defense, for travel in Alaska, Hawaii, The Commonwealth of Puerto Rico, and territories and possessions of the United States."

CAUSE Lack of knowledge of the Joint Travel Regulations.

EFFECT Failure to comply with JTR lead to excess expenditures for travel which may be material to the financial statements.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Program Number 096-1460

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

(E)-18) Employee Disability Insurance

PROGRAMS Public and Indian Housing Drug Elimination Program - CFDA No. 14.854

CONDITION Employee Disability Insurance of \$20,000, per occurrence, does not equal or exceed the prescribed minimum coverage required by HUD.

CRITERIA HUD Guidebook 7401.3, Public and Indian Housing Property/Casualty Insurance Requirements, described as a requirement, but retained as guidance to interpreting the regulations, Chapter 8-13, Required Minimum Limits, states, in part:

"The recommended minimum limit is based on the cash flow of the FHA/PIA. The Department has developed a work sheet to measure the cash flow from which the required minimum limit is determined."

CAUSE The condition results from a failure to comply with the requirements of HUD Guidebook 7401.3, Public and Indian Housing Property/Casualty Insurance Requirements, canceled as a requirement, but retained as guidance to interpreting the regulations.

EFFECT Failure to purchase adequate Employee Disability Insurance places the Authority in violation of HUD Guidebook 7401.3, Chapter 8-13, Required Minimum Limit.

HOUSING AUTHORITY OF THE CITY OF MOBILE CITY

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2002

Ref. No.	Fiscal Year Finding Identified	Description of Finding	Corrective Action Taken (Yes, No, Pending)	Planned Corrective Action/Partial Corrective Action Taken
01-1	2000	Unable to confirm material account balances	No	See corrective action plan for current year findings
01-2	2000	The City has not been providing the required services required under a Community Services Agreement and the PHA has consequently violated P.L.003.	No	See corrective action plan for current year findings
01-3	2001	The low cost budget was excessive in its of twelve controllable categories in excess of PHA	No	See corrective action plan for current year findings
01-4	2000	Lack of documentation required in lease files	No	See corrective action plan for current year findings
01-5	2001	The PHA has not properly followed their Procurement Policy	No	See corrective action plan for current year findings

BOURNE LIGHTHOUSSE OF THE CITY OF BURLINGTON CITY

Comprehensive Annual Plan for Current Year Funding
Year Ending September 30, 2001

Fund Title	Account	Description of Funding	Comprehensive Annual Plan	Major of Capital Project	Anticipated Date of Completion
Ref. No.					
Section 1--000 and A-011 General Fund and compliance material to financial statements and related programs					
General Category					
00-00	2001	Accounting and financial functions are not adequately supported.	The accounting system is planned. Due to the size of the operations and the vast benefits of additional personnel, it may not be feasible to achieve a complete reorganization of duties.	Early Midline, Midline, Executive Director	Undetermined
00-00	Prv-0000	An inventory of fixed assets is not adequately maintained and periodically reevaluated to the general ledger business. Low cost fixed assets include 10,000, 14.	A list of fixed assets will be generated and maintained. The list will implement a policy to reevaluate the asset list.	Early Midline, Midline, Executive Director	01/01/0001
00-00	Prv-0000	A listing of existing equipment is not adequately maintained and updated for new purchases and deposits.	An updated list of existing equipment is being compiled that will include asset numbers, date of purchase and purchase price if available and items delivered to or returned from the city.	Early Midline, Midline, Executive Director	01/01/0001
00-11	000	Current expenditures did not include project approval before reporting disbursements.	The City has established a policy where the Executive Director must approve and include all purchase orders and invoices.	Early Midline, Midline, Executive Director	01/01/0001

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

Governance Action Plan for Current Term Findings
Year Ended September 30, 2005

Root No.	Findings Summary	Description of Finding	Corrective Action Proposed	Items of Current Priority	Anticipated Date of Completion
Financial					
01-06	2003 Audited financial statements were not collected in the Legislature's database in a timely manner.		The HA was awaiting completion of investigative procedures being performed by RIFB prior to the initiation of financial audit procedures.	Public Affairs, Finance, Executive Director	9/30/2005
02-07	2003 Findings were made with six violations of codes and/or rules being identified and no violations in the budget sections of the submissions and acceptance of the participants being presented to the board for approval.		The HA will try to initiate at least three points for participants and also continue labor. The Performance Policy will be strictly enforced to.	Public Affairs, Finance, Executive Director	9/30/2005
Personnel					
03-06	Pre-2000 Budgets were not properly monitored and analyzed for encumbrances resulting in an overencumbrance in the last year opening budget in excess of 2%.		The HA hired a new for encumbrance and the monthly financial statements are generated in a timely manner. The board receives a monthly financial report at the monthly meetings so they will be advised of budget encumbrance and the budget will be amended accordingly.	Public Affairs, Finance, Executive Director	9/30/2005
03-05	2003 An error in the amount of \$1,500 was reported from the general ledger. However the error is not in the Authority's presentation.		An option listing of all errors will be compiled and maintained regularly. No error will be reported without approval and implementation.	Public Affairs, Finance, Executive Director	9/30/2005
03-09	2003 The Housing Authority is not maintaining proper documentation in Low Road budget files.		Documentation for Low Road Transit files will be routinely checked by a supervisor for proper documentation. All mistakes will be corrected in their proper file making process possible.	Public Affairs, Finance, Executive Director	9/30/2005

BOARD OF AUTHORITY OF THE CITY OF MOORECITY

Compliance Action Plan for General Trust Findings
 Year Ended September 30, 2003

Ref. No.	Final Trust Finding Summary	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Date of Completion
01-18	2001	The Housing Authority is not maintaining proper documentation in the Section 8 income file.	The Section 8 Administrator will be appointed to ensure proper documentation is in the files and that new regulations are correct. Policies and procedures have been established to monitor these activities.	Ruby Miller, Income Executive Director	9/30/2003
01-12	2001	The Authority's policy on cell phone usage does not adequately describe procedures for administering and enforcing the terms of the policy.	The current Cell Phone Policy will be updated and enhanced.	Ruby Miller, Income Executive Director	9/30/2003
01-03	2001	Procedures of various times for employee use and compliance appears to be inconsistent.	Policies for employee maintenance will be updated and enhanced. The policy will include bars and other enhancements will be made. The policy will also include the business purpose of which enhancements will be made.	Ruby Miller, Income Executive Director	9/30/2003
Compliance					
01-01	2002	A separate bank account is not being maintained for tenant security deposits.	A separate bank account will be used to maintain tenant security deposits. Tenant security deposits will be transferred to this account.	Ruby Miller, Income Executive Director	9/30/2003
01-11	2002	List of accommodations in Low Rent income files per the Authority is consistent of their policy manual and Federal regulations.	The HA will comply with the Administration and Compliance Occupancy Policy and follow in the regulations that apply for the Low Rent Program.	Ruby Miller, Income Executive Director	9/30/2003

BOURNE AUTHORITY OF THE CITY OF BOURNE CITY

Comprehensive Plan for Current Year Findings
Year Ended September 30, 2001

Ref. No.	Fiscal Year Finding Category	Source	Description of Finding	Corrective Action Planned	Major Division	Anticipated Date of Completion
01-11	2001		Lack of documentation in Section 8 reports that the Authority is evaluation of their policy annual and Triennial negotiations.	The HR, Section 8 Program will comply with the Section 8 administrative Plan and adhere to the regulations that apply.	Early Main, Human Executive Director	9/30/2001
01-17	2001		Employees were paid per diem amounts in excess of that provided by local Triennial Negotiations.	The HR, will obtain a copy of the Joint Triennial Negotiations (JTN) and will comply with the per diem rates within the JTN. Those regulations will be included in the Travel Policy which will include an amendment to have JTB updated annually.	Early Main, Human Executive Director	9/30/2001
01-18	2001		Employees Disability Payments of \$20,000, per month, does not equal or exceed the provided minimum coverage required by FLETC.	The FLETC form 2402 - Short Term Regulations will be completed by the HR to meet the required amount of Employee Disability Insurance to be met.	Early Main, Human Executive Director	9/30/2001
01-16	2001		Payment they lack the proper documentation, if the it payment files selected, 1 employee other did not have it up or it was incomplete, and 1 employees did not have it up.	Employees personnel files have been updated to include any missing documentation.	Early Main, Human Executive Director	9/30/2001

Section II - Other QAO Internal control and compliance