

**Housing Authority of the
CITY OF MORGAN CITY**
Morgan City, Louisiana

**Annual Financial Report
As of and for the Year Ended September 30, 2020**

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Morgan City, Louisiana
Basic Financial Statements
As of and for the Year Ended September 30, 2020
With Supplemental Information Schedules

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William Daniel McCaskill, CPA
A Professional Accounting Corporation
415 Magnolia Lane
Mandeville, Louisiana 70471

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Morgan City (the authority) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the Housing Authority of the City of Morgan City as of September 30, 2020, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the authority's basic financial statements. The Financial Data Schedule, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the Statement and Certification of Actual Modernization Cost are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Financial Data Schedule; the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer; the Statement and Certification of Actual Modernization Cost and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In

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my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Compensation of Board Members has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 2, 2021 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Morgan City internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the authority's internal control over financial reporting and compliance.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 2, 2021

HOUSING AUTHORITY OF MORGAN CITY, LA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

September 30, 2020

The management of Housing Authority of Morgan City, LA presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2020. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$3,179,916 at the close of the fiscal year ended 2020.
 - ✓ Of this amount \$2,440,883 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts.
 - ✓ Also, of this amount, \$63,241 of net position is restricted for the Housing Choice Voucher program.
 - ✓ The remainder of \$675,791 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 28% of the total operating expenses of \$2,415,668 for the fiscal year 2020, which means the Authority might be able to operate about 3 months using the unrestricted assets alone, compared to 2 months in the prior fiscal year.
- The Housing Authority's total net position increased by \$505,511, a 19% increase from the prior fiscal year 2019.
- The increase in net position of these funds was accompanied by an increase in unrestricted cash by \$191,084 from fiscal year 2019.
- The Authority Spent \$674,279 on capital asset additions.
- These changes led to an increase in total assets by \$455,158 and a decrease in total liabilities by \$50,353. As related measure of financial health, there are still over \$5 of current assets covering each dollar of total current liabilities, which compares to \$3 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2020?" The Statement of net position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Housing Authority of Morgan City, LA
Management's Discussion and Analysis (MD&A)
September 30, 2020

Fund Financial Statements

The Authority accounts for all financial activity in a single enterprise fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net position and changes in net position. One can think of the Housing Authority's net position – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Public Housing Capital Fund Program	\$ 780,904
Low Rent Public Housing	739,870
Housing Choice Vouchers	313,786
Cares LR	31,491
Cares S8	14,780
Total funding received this current fiscal year	<u>\$ 1,880,831</u>

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

FINANCIAL ANALYSIS

The Housing Authority's net position was \$3,179,916 as of September 30, 2020. Of this amount, \$2,440,884 was invested in capital assets and \$675,791 was unrestricted. There were \$63,241 in specific assets restricted for the Housing Choice Voucher (HCV) program.

Housing Authority of Morgan City, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2020

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position
 As of September 30, 2020**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets	\$ 950,307	\$ 751,066
Assets restricted for Housing Choice Voucher (HCV) program	4,731	9,215
Capital assets, net of depreciation	<u>2,440,884</u>	<u>2,180,483</u>
Total assets	<u>3,395,922</u>	<u>2,940,764</u>
LIABILITIES		
Current liabilities	202,235	257,404
Non-current liabilities	<u>13,771</u>	<u>8,955</u>
Total liabilities	<u>216,006</u>	<u>266,359</u>
NET POSITION		
Invested in capital assets, net of depreciation	2,440,884	2,180,483
Net position restricted for the Housing Choice Voucher program	63,241	9,215
Unrestricted net position	<u>675,791</u>	<u>484,707</u>
Total net position	<u>\$ 3,179,916</u>	<u>\$ 2,674,405</u>

The net position of these funds increased by \$505,511, or by 17%, from those of fiscal year 2019, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

Housing Authority of Morgan City, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2020

CONDENSED FINANCIAL STATEMENTS (Continued)

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
 Fiscal Year Ended September 30, 2020**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Tenant Revenue	\$ 965,354	\$ 935,034
HUD grants for operations	1,206,553	1,055,446
Other non-tenant revenue	30,887	232,255
Total operating revenues	<u>2,202,794</u>	<u>2,222,735</u>
OPERATING EXPENSES		
General	479,060	423,510
Ordinary maintenance and repairs	460,732	490,136
Administrative expenses and management fees	282,224	262,551
Utilities	491,731	502,529
Tenant services	599	456
Federal Housing Assistance Payments (HAP) to landlords & Ports	287,444	289,968
Casualty Loss	-	214,033
Depreciation	413,878	399,582
Total operating expenses	<u>2,415,668</u>	<u>2,582,765</u>
Income (losses) from operations	<u>(212,874)</u>	<u>(360,030)</u>
NON-OPERATING REVENUES		
Interest income	631	542
Total non-operating revenues	<u>631</u>	<u>542</u>
Income (losses) before capital contributions	(212,243)	(359,488)
CAPITAL CONTRIBUTIONS	<u>674,278</u>	<u>433,658</u>
CHANGES IN NET POSITION	<u>462,035</u>	<u>74,170</u>
NET POSITION - BEGINNING	2,717,881	2,600,235
NET POSITION - END	<u>\$ 3,179,916</u>	<u>\$ 2,674,405</u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and capital contributions increased \$220,679 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue increased by \$30,320 from that of the prior fiscal year because the amount of rent each tenant pays is based on a sliding scale of their personal income. Included in this total is other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) which decreased by \$239.
- Federal revenues from HUD for operations increased by \$151,107 from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant.
- Federal Capital Funds from HUD increased by \$240,620 from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2017 through 2019 and submitted a new grant during fiscal year 2020.
- Total other operating revenue decreased by \$201,368 and interest income increased by \$89 from the prior fiscal year.

Compared with the prior fiscal year, total operating expenses decreased \$167,097, or by 6%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense increased by \$14,296 from that of the prior fiscal year.
- Maintenance and repairs decreased by \$29,404 from that of the prior fiscal year due to changes in the following: Repair staff wages increased by \$786 and related employee benefit contributions decreased by \$2,338. Materials used decreased by \$25,315 and contract labor costs decreased by \$2,537.
- General Expenses increased by \$55,550 from that of the prior fiscal year. Payments in lieu of taxes (PILOT) increased by \$4,197. PILOT is calculated as a percentage of rent minus utilities and therefore changed proportionately to the changes in each of these. Insurance premiums increased by \$44,545 and bad debts increased by \$2,840. Lastly, compensated absences increased by \$3,968.
- Administrative Expenses increased by \$19,673 from that of the prior fiscal year due to a combination of factors. Administrative staff salaries increased by \$3,875 and related employee benefit contributions decreased by \$604; therefore, total staff salaries and benefit costs increased. Outside professional fees changed as follows: audit fees increased by \$930, management fees paid to outside consultants decreased by \$85,289 and legal fees increased by \$97. In addition, staff travel reimbursements increased by \$3,674, office expenses increased by \$75,141 and sundry expenses increased by \$21,849.
- Housing Assistance Payments to landlords decreased by \$2,524 from that of the prior fiscal year partly because there was a decrease in the number of tenants qualifying for subsidy during the year.
- Utilities Expense decreased by \$10,798 from that of the prior fiscal year because water cost decreased by \$12,997, electricity cost increased by \$15,087, gas cost decreased by \$16,920, and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) increased by \$4,032.
- Total Tenant Services increased by \$143 from that of the prior fiscal year due to the following combination of factors: relocation costs decreased by \$456 and other tenant services increased by \$599.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the Housing Authority had a total cost of \$16,889,901 invested in a broad range of assets and construction in progress from projects funded in 2017 through 2019, listed below. This amount, not including depreciation, represents increases of \$674,279 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Statement of Capital Assets
 As of September 30, 2020**

	<u>2020</u>	<u>2019</u>
Land	\$ 397,429	\$ 397,429
Construction in progress	-	82,132
Buildings	14,859,119	14,108,929
Leasehold improvements	1,194,989	1,188,769
Furniture and equipment	438,364	438,363
Accumulated Depreciation	<u>(14,449,017)</u>	<u>(14,035,139)</u>
Total	<u>\$ 2,440,884</u>	<u>\$ 2,180,483</u>

As of the end of the 2020 fiscal year, the Authority is still in the process of completing HUD grants of \$1,161,999 obtained during 2017 through 2019 fiscal years. Remaining funds will be received and spent for completing these projects during fiscal year 2021.

Debt

Non-current liabilities also include accrued annual leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2021 fiscal year have already been submitted to HUD for approval and no major changes are expected.

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

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Clarence Robinson, at Housing Authority of Morgan City, LA; P.O. Box 2393, Morgan City, LA 70381.

Housing Authority of the City of Morgan City
Morgan City, Louisiana
Statement of Net Position
As of September 30, 2020

ASSETS**Current assets**

Cash and cash equivalents	480,827
Receivables:	
HUD	111,705
Intergovernmental	273
Tenant rents, net of allowance	1,536
Prepaid expenses	272,199
Inventory, net of allowance	12,067
Restricted assets - cash and cash equivalents	<u>76,431</u>

Total current assets 955,038

Noncurrent assets

Capital assets:

Nondepreciable capital assets:

Land	<u>397,429</u>
Total nondepreciable capital assets	<u>397,429</u>

Depreciable capital assets:

Buildings and improvements	16,054,108
Furniture and equipment	438,364
Less accumulated depreciation	<u>(14,449,017)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>2,043,455</u>

 Total capital assets, net of accumulated depreciation 2,440,884

Total assets 3,395,922

TOTAL ASSETS 3,395,922

(continued)

Housing Authority of the City of Morgan City
Morgan City, Louisiana
Statement of Net Position
As of September 30, 2020

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	28,969
Payable to other governments	37,999
Accrued compensated absences	5,735
Unearned revenue	10,842
Other liability	46,990
Security deposit liability	71,700

Total current liabilities	<u>202,235</u>
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Noncurrent liabilities

Accrued compensated absences	<u>13,771</u>
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Total noncurrent liabilities	<u>13,771</u>
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TOTAL LIABILITIES	<u><u>216,006</u></u>
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NET POSITION

Net Investments in Capital Assets	2,440,884
Restricted	63,241
Unrestricted	675,791

TOTAL NET POSITION	<u><u>\$ 3,179,916</u></u>
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The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Morgan City
Morgan City, Louisiana
Statement of Revenues, Expenses, and Changes In Net Position
For the Year Ended September 30, 2020

Operating Revenues	
HUD Operating Grants	\$ 1,206,553
Dwelling Rental	724,773
Other Operating	<u>240,581</u>
Total operating revenues	<u>2,171,907</u>
Operating Expenses	
Housing Assistance Payments	287,444
General and administrative	761,284
Repairs and maintenance	460,732
Utilities	491,731
Tenant services	599
Depreciation and amortization	<u>413,878</u>
Total operating expenses	<u>2,415,668</u>
Operating income (loss)	(243,761)
Nonoperating Revenues (Expenses):	
Interest revenue	631
Miscellaneous revenues	<u>30,887</u>
Total nonoperating revenues (expenses)	<u>31,518</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(212,243)
Capital contributions (grants)	674,278
Increase (decrease) in net position	462,035
Net position, beginning of year	<u>2,717,881</u>
Net position, end of year	<u><u>\$ 3,179,916</u></u>

The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Morgan City
Statement of Cash Flows
For the Year Ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 1,240,356
Receipts from tenants	974,435
Payments to landlords	(287,444)
Payments to suppliers	(1,546,539)
Payments to employees	<u>(224,140)</u>
Net cash provided by operating activities	<u>156,668</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	<u>30,887</u>
Net cash provided by noncapital financing activities	<u>30,887</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grants	674,278
Purchase and construction of capital assets	<u>(674,279)</u>
Net cash (used in) capital and related financing activities	<u>(1)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>631</u>
Net cash provided by investing activities	<u>631</u>
Net increase (decrease) in cash and cash equivalents	<u>188,185</u>
Cash and cash equivalents - beginning of year	<u>369,073</u>
Cash and Cash equivalents - unrestricted	480,827
Cash and Cash equivalents - restricted	76,431
Total Cash and Cash Equivalents - end of year	<u>\$ 557,258</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (243,761)
Adjustments to reconcile operating (loss) to net cash	
Depreciation and amortization	413,878
Changes in assets and liabilities:	
HUD receivable	34,076
Intergovernmental receivable, net	(273)
Tenant rents, net of allowance	(833)
Prepaid insurance	(32,878)
Inventories	(6,664)
Accounts payable	11,841
Accrued wages payable	(2,382)
PILOT Payable	(29,822)
Accrued compensated absences	4,341
Unearned revenue	7,649
Other liability	(769)
Security deposit liability	<u>2,265</u>
Net cash provided by operating activities	<u>\$ 156,668</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
Morgan City, Louisiana
Notes to the Basic Financial Statements
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(1) Reporting Entity

The Housing Authority of The City of Morgan City (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the City of Morgan City, Louisiana. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

GASB Statement No. 14, as amended by GASB statement No. 39 and GASB Statement No. 61, establishes criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in the GASB statements, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The authority has no component units, defined by the GASB statements as other legally separate organizations for which the elected authority members are financially accountable.

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

(2) Funds

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

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the authority's enterprise fund are HUD operating grants and subsidies, Section 8 Housing Assistance Subsidies, Section 8 Management Fees, and tenant dwelling rents. Operating expenses include Section 8 Housing Assistance Payments, General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—For State and Local Governments*, which was unanimously approved in June 1999 by the GASB.

(3) Measurement focus and basis of accounting

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this management focus all assets and all liabilities associated with the operation of these funds are included on the statement of net positions.

(4) Assets, liabilities, and net Position

(a) Deposits

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to invest in collateralized certificates of deposit and securities backed by the federal government.

(b) Inventory and prepaid items

All inventories are valued at cost on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

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

(c) Restricted Assets

Cash equal to the amount of tenant security deposits and housing assistance payment reserves are reflected as restricted.

(d) Capital assets

Capital assets of the authority are included in the statement of net positions and are recorded at actual cost. The capitalization threshold is \$1,500. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

Property, plant, and equipment of the Authority is depreciated using the straight-line method over the following estimated useful lives:

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

MORGAN CITY, LOUISIANA

Notes to the Financial Statements, 2020 - continued

Buildings	20 years
Modernization and improvements	10 years
Furniture and equipment	3-5 years

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At September 30, 2020, the management of the authority established an allowance for doubtful accounts of approximately \$442,320.

(g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation pay benefits. In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation pay is accrued when incurred and reported as a liability.

Employees earn from 98 to 192 annual leave hours per year and may accumulate an unlimited number of annual leave hours. Employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expense when leave is earned.

(h) Restricted net Position

Net positions are reported as restricted when constraints placed on net positions use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

(i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the government-wide financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – DEPOSITS

Deposits are stated at cost, which approximates fair value. Under state law and/or federal regulation, these deposits, or the resulting bank balances, must be in Federal Securities, secured by federal deposit insurance or the pledge of federal securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of September 30, 2020, the authority's carrying amount of deposits was \$557,258, which includes the following:

Cash and cash equivalents-unrestricted	\$485,558
Cash and cash equivalents- restricted	71,700
Total	\$557,258

Interest Rate Risk—The authority's policy does not address interest rate risk.

Credit Rate Risk—Since all of the authority's deposits are federally insured and/or backed by federal securities, the authority does not have credit rate risk.

Custodial Credit Risk—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$250,000 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$322,422 of deposits have custodial credit risk but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances at September 30, 2020 totaled \$572,422.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY
MORGAN CITY, LOUISIANA
Notes to the Financial Statements, 2020 - continued

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Assets:				
Land	\$ 397,429	\$ -	\$ -	\$ 397,429
Construction in Progress	82,132	-	-	-
Depreciable Assets:				
Building and improvements	15,297,698	674,278	-	16,054,108
Furniture and equipment	438,364	-	-	438,364
Total	<u>16,215,623</u>	<u>674,278</u>	<u>-</u>	<u>16,889,901</u>
Less accumulated depreciation				
Building and improvements	13,607,421	411,267	-	14,018,688
Furniture and equipment	427,718	2,611	-	430,329
Total accumulated depreciation	<u>14,035,139</u>	<u>413,878</u>	<u>-</u>	<u>14,449,017</u>
Net Capital Assets	<u>\$ 2,180,484</u>	<u>\$ 260,400</u>	<u>\$ -</u>	<u>\$ 2,440,884</u>

NOTE D – COMPENSATED ABSENCES

At September 30, 2020, employees of the authority have accumulated and vested \$19,506 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$13,771 is reported in long-term debt.

NOTE E – LONG TERM OBLIGATIONS

As of September 30, 2020, long term obligations consisted of compensated absences in the amount of \$13,771. The following is a summary of the changes in the long-term obligations for the year ended September 30, 2020.

	Compensated Absences
Balance as of October 1, 2019	\$15,165
Additions	9,803
Deductions	(5,462)
Balance as of September 30, 2020	<u>19,506</u>
Long term portion	<u>13,771</u>

Amount due in one year (Short term)	<u>\$5,735</u>
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NOTE F – POST EMPLOYMENT RETIREMENT BENEFITS

The authority does not provide any post employment retirement benefits. Therefore the authority does not include any entries for unfunded actuarial accrued liability, net OPEB expense, or annual contribution required.

NOTE G - RETIREMENT PLAN

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

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to seven percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute five percent of their annual covered salary.

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority. No payments were made out of the forfeiture account.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday or after ten years of participation in the plan.

The authority's total payroll for the year ended September 30, 2020, was \$226,099. The authority's contributions were calculated using the base salary amount of \$114,864. The authority made the required contributions of \$8,041 for the year ended September 30, 2020.

NOTE H – RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

MORGAN CITY, LOUISIANA

Notes to the Financial Statements, 2020 - continued

natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

The authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

This includes coverage of property, general liability, public liability, and workers compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the authority's deductions are met.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE I – LITIGATION AND CLAIMS

At September 30, 2020, the authority is involved in litigation. Management and the authority's attorneys believe that the authority's potential losses are below materiality. The financial statements do not include recordation of any litigation contingency.

NOTE J – FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws, and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries. The authority is subject to HUD's consideration of reducing grants in order to have the authority utilize authority Equity to fund expenses.

NOTE K – RELATED PARTY TRANSACTIONS

The Authority (MCHA) entered into an annual agreement with the Berwick Housing Authority (BHA) whereby BHA will manage MCHA operations. The current BHA Executive Director is assigned the Acting Executive Director role for MCHA. The agreement is automatically annually renewed and was encouraged and verbally approved by HUD. MCHA indemnifies BHA board and employees. Compensation includes actual cost reimbursement including salary and employee benefit costs to BHA not to exceed 24 hours/week for each BHA staff member assigned to this agreement.

NOTE L – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through February 2, 2021 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE M – ECONOMIC DEPENDENCE

Financial Accounting Standards Boards Accounting Standards Codification 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$1,880,831 to the authority, which represents approximately 65% of the authority's total revenue for the year.

NOTE N – PRIOR PERIOD ADJUSTMENTS AND CORRECTIONS OF ERRORS

The accompanying financial statements have been restated to correct an error made in prior years. The error relates to an overstatement of deferred revenues by \$43,476. The effect of the restatement was to decrease deferred revenue by \$43,476. Net position at the beginning of the year has been adjusted for the effect of the restatement on prior years.

Financial Data Schedule

Housing Authority of the City of Morgan City (LA036)								
MORGAN CITY, LA								
Entity Wide Balance Sheet Summary								
Submission Type: Audited/Single Audit		Fiscal Year End: 09/30/2020						
	Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total	
111 Cash - Unrestricted	\$441,137		\$39,690		\$480,827		\$480,827	
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted			\$4,731		\$4,731		\$4,731	
114 Cash - Tenant Security Deposits	\$71,700				\$71,700		\$71,700	
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$512,837	\$0	\$44,421	\$0	\$557,258	\$0	\$557,258	
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	\$111,705				\$111,705		\$111,705	
124 Accounts Receivable - Other Government	\$273				\$273		\$273	
125 Accounts Receivable - Miscellaneous	\$438,964				\$438,964		\$438,964	
126 Accounts Receivable - Tenants	\$4,892				\$4,892		\$4,892	
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,356				-\$3,356		-\$3,356	
126.2 Allowance for Doubtful Accounts - Other	-\$438,964				-\$438,964		-\$438,964	
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$113,514	\$0	\$0	\$0	\$113,514	\$0	\$113,514	
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$272,131		\$68		\$272,199		\$272,199	
143 Inventories	\$12,702				\$12,702		\$12,702	
143.1 Allowance for Obsolete Inventories	-\$635				-\$635		-\$635	
144 Inter Program Due From	\$11,061				\$11,061	-\$11,061	\$0	
145 Assets Held for Sale								
150 Total Current Assets	\$921,610	\$0	\$44,489	\$0	\$966,099	-\$11,061	\$955,038	
161 Land	\$397,429				\$397,429		\$397,429	
162 Buildings	\$14,859,119				\$14,859,119		\$14,859,119	
163 Furniture, Equipment & Machinery - Dwellings	\$251,101				\$251,101		\$251,101	
164 Furniture, Equipment & Machinery - Administration	\$168,711		\$18,552		\$187,263		\$187,263	
165 Leasehold Improvements	\$1,194,989				\$1,194,989		\$1,194,989	
166 Accumulated Depreciation	-\$14,430,465		-\$18,552		-\$14,449,017		-\$14,449,017	
167 Construction in Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,440,884	\$0	\$0	\$0	\$2,440,884	\$0	\$2,440,884	
171 Notes, Loans and Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$2,440,884	\$0	\$0	\$0	\$2,440,884	\$0	\$2,440,884	
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	\$3,362,494	\$0	\$44,489	\$0	\$3,406,983	-\$11,061	\$3,395,922	

Financial Data Schedule

Housing Authority of the City of Morgan City (LA036)									
MORGAN CITY, LA									
Entity Wide Balance Sheet Summary									
Submission Type: Audited/Single Audit		Fiscal Year End: 09/30/2020							
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total	
311	Bank Overdraft								
312	Accounts Payable <= 90 Days	\$28,708		\$261		\$28,969		\$28,969	
313	Accounts Payable >90 Days Past Due								
321	Accrued Wage/Payroll Taxes Payable								
322	Accrued Compensated Absences - Current Portion	\$5,064		\$671		\$5,735		\$5,735	
324	Accrued Contingency Liability								
325	Accrued Interest Payable								
331	Accounts Payable - HUD PHA Programs								
332	Account Payable - PHA Projects								
333	Accounts Payable - Other Government	\$37,999				\$37,999		\$37,999	
341	Tenant Security Deposits	\$71,700				\$71,700		\$71,700	
342	Unearned Revenue	\$9,165		\$1,677		\$10,842		\$10,842	
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344	Current Portion of Long-term Debt - Operating Borrowings								
345	Other Current Liabilities								
346	Accrued Liabilities - Other	\$46,990				\$46,990		\$46,990	
347	Inter Program - Due To			\$11,061		\$11,061	-\$11,061	\$0	
348	Loan Liability - Current								
310	Total Current Liabilities	\$199,626	\$0	\$13,670	\$0	\$213,296	-\$11,061	\$202,235	
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								
352	Long-term Debt, Net of Current - Operating Borrowings								
353	Non-current Liabilities - Other								
354	Accrued Compensated Absences - Non Current	\$12,747		\$1,024		\$13,771		\$13,771	
355	Loan Liability - Non Current								
356	FASB 5 Liabilities								
357	Accrued Pension and OPEB Liabilities								
350	Total Non-Current Liabilities	\$12,747	\$0	\$1,024	\$0	\$13,771	\$0	\$13,771	
300	Total Liabilities	\$212,373	\$0	\$14,694	\$0	\$227,067	-\$11,061	\$216,006	
400	Deferred Inflow of Resources								
508.4	Net Investment in Capital Assets	\$2,440,884	\$0		\$0	\$2,440,884		\$2,440,884	
511.4	Restricted Net Position	\$58,510	\$0	\$4,731	\$0	\$63,241		\$63,241	
512.4	Unrestricted Net Position	\$650,727	\$0	\$25,064	\$0	\$675,791		\$675,791	
513	Total Equity - Net Assets / Position	\$3,150,121	\$0	\$29,795	\$0	\$3,179,916	\$0	\$3,179,916	
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,362,494	\$0	\$44,489	\$0	\$3,406,983	-\$11,061	\$3,395,922	

Financial Data Schedule

Housing Authority of the City of Morgan City (LA036)								
MORGAN CITY, LA								
Entity Wide Revenue and Expense Summary								
Submission Type: Audited/Single Audit		Fiscal Year End: 09/30/2020						
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300	Net Tenant Rental Revenue	\$724,773				\$724,773		\$724,773
70400	Tenant Revenue - Other	\$240,581				\$240,581		\$240,581
70500	Total Tenant Revenue	\$965,354	\$0	\$0	\$0	\$965,354	\$0	\$965,354
70600	HUD PHA Operating Grants	\$846,496	\$31,491	\$313,786	\$14,780	\$1,206,553		\$1,206,553
70610	Capital Grants	\$674,278				\$674,278		\$674,278
70710	Management Fee							
70720	Asset Management Fee							
70730	Book Keeping Fee							
70740	Front Line Service Fee							
70750	Other Fees							
70700	Total Fee Revenue					\$0	\$0	\$0
70800	Other Government Grants							
71100	Investment Income - Unrestricted	\$590		\$41		\$631		\$631
71200	Mortgage Interest Income							
71300	Proceeds from Disposition of Assets Held for Sale							
71310	Cost of Sale of Assets							
71400	Fraud Recovery							
71500	Other Revenue	\$30,887				\$30,887		\$30,887
71600	Gain or Loss on Sale of Capital Assets							
72000	Investment Income - Restricted							
70000	Total Revenue	\$2,517,605	\$31,491	\$313,827	\$14,780	\$2,877,703	\$0	\$2,877,703
91100	Administrative Salaries	\$41,236		\$8,560	\$7,751	\$57,547		\$57,547
91200	Auditing Fees	\$19,700				\$19,700		\$19,700
91300	Management Fee	\$82,599				\$82,599		\$82,599
91310	Book-keeping Fee							
91400	Advertising and Marketing	\$1,688				\$1,688		\$1,688
91500	Employee Benefit contributions - Administrative	\$12,549		\$1,311		\$13,860		\$13,860
91600	Office Expenses	\$36,020		\$536	\$1,004	\$37,560		\$37,560
91700	Legal Expense	\$5,447				\$5,447		\$5,447
91800	Travel	\$3,343		\$1,293		\$4,636		\$4,636
91810	Allocated Overhead							
91900	Other	\$45,195	\$1,030	\$6,937	\$6,025	\$59,187		\$59,187
91000	Total Operating - Administrative	\$247,777	\$1,030	\$18,637	\$14,780	\$282,224	\$0	\$282,224
92000	Asset Management Fee							
92100	Tenant Services - Salaries							
92200	Relocation Costs							
92300	Employee Benefit Contributions - Tenant Services							
92400	Tenant Services - Other		\$599			\$599		\$599
92500	Total Tenant Services	\$0	\$599	\$0	\$0	\$599	\$0	\$599

Financial Data Schedule

Housing Authority of the City of Morgan City (LA036)								
MORGAN CITY, LA								
Entity Wide Revenue and Expense Summary								
Submission Type: Audited/Single Audit		Fiscal Year End: 09/30/2020						
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
93100	Water	\$41,267				\$41,267		\$41,267
93200	Electricity	\$343,761				\$343,761		\$343,761
93300	Gas	\$60,984				\$60,984		\$60,984
93400	Fuel							
93500	Labor	\$4,451				\$4,451		\$4,451
93600	Sewer	\$41,268				\$41,268		\$41,268
93700	Employee Benefit Contributions - Utilities							
93800	Other Utilities Expense							
93000	Total Utilities	\$491,731	\$0	\$0	\$0	\$491,731	\$0	\$491,731
94100	Ordinary Maintenance and Operations - Labor	\$138,690	\$29,862			\$168,552		\$168,552
94200	Ordinary Maintenance and Operations - Materials and Other	\$68,791				\$68,791		\$68,791
94300	Ordinary Maintenance and Operations Contracts	\$164,518				\$164,518		\$164,518
94500	Employee Benefit Contributions - Ordinary Maintenance	\$58,871				\$58,871		\$58,871
94000	Total Maintenance	\$430,870	\$29,862	\$0	\$0	\$460,732	\$0	\$460,732
95100	Protective Services - Labor							
95200	Protective Services - Other Contract Costs							
95300	Protective Services - Other							
95500	Employee Benefit Contributions - Protective Services							
95000	Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110	Property Insurance	\$213,538				\$213,538		\$213,538
96120	Liability Insurance	\$27,942				\$27,942		\$27,942
96130	Workmen's Compensation	\$8,464		\$814		\$9,278		\$9,278
96140	All Other Insurance	\$169,200		\$269		\$169,469		\$169,469
96100	Total Insurance Premiums	\$419,144	\$0	\$1,083	\$0	\$420,227	\$0	\$420,227
96200	Other General Expenses							
96210	Compensated Absences	\$7,521		\$829		\$8,350		\$8,350
96300	Payments in Lieu of Taxes	\$37,999				\$37,999		\$37,999
96400	Bad debt - Tenant Rents	\$12,484				\$12,484		\$12,484
96500	Bad debt - Mortgages							
96600	Bad debt - Other							
96800	Severance Expense							
96000	Total Other General Expenses	\$58,004	\$0	\$829	\$0	\$58,833	\$0	\$58,833
96710	Interest of Mortgage (or Bonds) Payable							
96720	Interest on Notes Payable (Short and Long Term)							
96730	Amortization of Bond Issue Costs							
96700	Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900	Total Operating Expenses	\$1,647,526	\$31,491	\$20,549	\$14,780	\$1,714,346	\$0	\$1,714,346
97000	Excess of Operating Revenue over Operating Expenses	\$870,079	\$0	\$293,278	\$0	\$1,163,357	\$0	\$1,163,357

Financial Data Schedule

Housing Authority of the City of Morgan City (LA036)								
MORGAN CITY, LA								
Entity Wide Revenue and Expense Summary								
Submission Type: Audited/Single Audit		Fiscal Year End: 09/30/2020						
		Project Total	14.PHC Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
97100	Extraordinary Maintenance							
97200	Casualty Losses - Non-capitalized							
97300	Housing Assistance Payments			\$287,444		\$287,444		\$287,444
97350	HAP Portability-In							
97400	Depreciation Expense	\$413,878				\$413,878		\$413,878
97500	Fraud Losses							
97600	Capital Outlays - Governmental Funds							
97700	Debt Principal Payment - Governmental Funds							
97800	Dwelling Units Rent Expense							
90000	Total Expenses	\$2,061,404	\$31,491	\$307,993	\$14,780	\$2,415,668	\$0	\$2,415,668
10010	Operating Transfer In	\$106,626				\$106,626	-\$106,626	\$0
10020	Operating transfer Out	-\$106,626				-\$106,626	\$106,626	\$0
10030	Operating Transfers from/to Primary Government							
10040	Operating Transfers from/to Component Unit							
10050	Proceeds from Notes, Loans and Bonds							
10060	Proceeds from Property Sales							
10070	Extraordinary Items, Net Gain/Loss							
10080	Special Items (Net Gain/Loss)							
10091	Inter Project Excess Cash Transfer In							
10092	Inter Project Excess Cash Transfer Out							
10093	Transfers between Program and Project - In							
10094	Transfers between Project and Program - Out							
10100	Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$456,201	\$0	\$5,834	\$0	\$462,035	\$0	\$462,035
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030	Beginning Equity	\$2,650,445	\$0	\$23,960	\$0	\$2,674,405		\$2,674,405
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$43,475		\$1		\$43,476		\$43,476
11050	Changes in Compensated Absence Balance							
11060	Changes in Contingent Liability Balance							
11070	Changes in Unrecognized Pension Transition Liability							
11080	Changes in Special Term/Severance Benefits Liability							
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100	Changes in Allowance for Doubtful Accounts - Other							
11170	Administrative Fee Equity			\$25,064		\$25,064		\$25,064
11180	Housing Assistance Payments Equity			\$4,731		\$4,731		\$4,731
11190	Unit Months Available	3385		592		3977		3977
11210	Number of Unit Months Leased	3200		592		3792		3792
11270	Excess Cash	\$300,728				\$300,728		\$300,728
11610	Land Purchases	\$0				\$0		\$0
11620	Building Purchases	\$668,058				\$668,058		\$668,058
11630	Furniture & Equipment - Dwelling Purchases	\$0				\$0		\$0
11640	Furniture & Equipment - Administrative Purchases	\$0				\$0		\$0
11650	Leasehold Improvements Purchases	\$6,220				\$6,220		\$6,220
11660	Infrastructure Purchases	\$0				\$0		\$0
13510	CFPP Debt Service Payments	\$0				\$0		\$0
13901	Replacement Housing Factor Funds	\$0				\$0		\$0

The Housing Authority of the City of Morgan City

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

Fiscal Year Ended September 30, 2020

Agency Head: Clarence Robinson, Jr., Executive Director

Morgan City Housing Authority pays management fees to Berwick Housing Authority through a temporary management agreement. There were no salaries, reimbursements or other payments made to the executive director (Executive Director for Berwick Housing Authority).

Housing Authority of the City of Morgan City
Morgan City, Louisiana
Statement and Certification of Actual Modernization Costs
For the Year Ended 09/30/2020

Project Number:	LA48P03650116
Original Funds Approved	\$ 438,927
Less Funds Expended (Actual Modernization Cost)	<u>438,927</u>
Excess Funds Approved	<u>\$ -</u>
Funds Disbursed	\$ 438,927
Less Funds Expended (Actual Modernization Cost)	<u>438,927</u>
Excess Funds Disbursed	<u>\$ -</u>

The distribution of costs by project as shown on HUD Final Performance and Evaluation Report dated June 12, 2020 accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payments.

Project Number:	L48P03650117
Original Funds Approved	\$ 456,590
Less Funds Expended (Actual Modernization Cost)	<u>456,590</u>
Excess Funds Approved	<u>\$ -</u>
Funds Disbursed	\$ 456,590
Less Funds Expended (Actual Modernization Cost)	<u>456,590</u>
Excess Funds Disbursed	<u>\$ -</u>

The distribution of costs by project as shown on HUD Final Performance and Evaluation Report dated June 12, 2020 accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payments.

William Daniel McCaskill, CPA
A Professional Accounting Corporation
415 Magnolia Lane
Mandeville, Louisiana 70471

**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Morgan City, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated February 2, 2021.

Internal Control Over Financial Reporting

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

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

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

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana

Report on Internal Control... *Government Auditing Standards*, 2020

Page Two

Compliance and Other Matters

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

Purpose of this Report

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

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 2, 2021

William Daniel McCaskill, CPA
A Professional Accounting Corporation
415 Magnolia Lane
Mandeville, Louisiana 70471

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Morgan City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the authority's major federal programs for the year ended September 30, 2020. The authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

HOUSING AUTHORITY OF THE CITY OF MORGAN CITY

Morgan City, Louisiana
Report on Compliance...Uniform Guidance, 2020
Page Two

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the authority's compliance.

Opinion on Each Major Federal Program

In my opinion, the authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

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

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the

Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 2, 2021

Housing Authority of the City of Morgan City
Morgan City, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended 09/30/2020

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing	14.850a	\$ 771,361
Housing Choice Voucher Program	14.871	328,566
Public Housing Capital Fund Program	14.872	780,904
Total Federal Expenditures		<u><u>\$ 1,880,831</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**HOUSING AUTHORITY OF THE
CITY OF MORGAN CITY**
Morgan City, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

NOTE A—Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B—Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE C – Relationship to Basic Financial Statements

Federal awards revenues are reported in the authority's basic financial statements as follows:

Public and Indian Housing—Low Rent Program	\$771,361
Housing Choice Voucher Program	328,566
Capital Fund Program	\$780,904

NOTE D – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with GAAP.

NOTE E- FEDERAL AWARDS

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 9814, "federal awards" do not include the authority's operating income from rents or investments (or other Non-federal sources). In addition, the entire amount of operating subsidy received and/or accrued during the fiscal year is considered to be expended during the fiscal year.

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

Morgan City, Louisiana
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2020

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes ___X___no
- Significant deficiency(ies) identified? _____yes ___X___none reported

Noncompliance material to financial statements noted? _____yes ___X___no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes ___X___no
- Significant deficiency(ies) identified? _____yes ___X___none reported

Type of auditor's report issued on compliance for Major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____yes ___X___no

Identification of major federal programs:

CFDA	Name of Federal Program
14.872	Public Housing Capital Fund Program

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

Morgan City, Louisiana
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2020

The dollar threshold used for distinguishing between Type A and B programs was \$750,000.

Auditee qualified as a low risk auditee? X yes no

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

None

SECTION III - FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

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

Morgan City, Louisiana
Schedule of Prior Year Audit Findings
Fiscal Year Ended September 30, 2020

There were no findings in the prior audit.

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

Morgan City, Louisiana
Schedule of Compensation Paid to Board Members
Fiscal Year Ended September 30, 2020

Board members serve without compensation.