

**Housing Authority of the
CITY OF GRAMBLING
Grambling, Louisiana**

**Annual Financial Report
As of and for the Year Ended September 30, 2011**

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

Release Date **APR 25 2012**

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
 Grambling, Louisiana
 Basic Financial Statements
 As of and for the Year Ended September 30, 2011
 With Supplemental Information Schedules

CONTENTS

	Exhibit	Page
Independent Auditor's Report		3
Management's Discussion and Analysis		5
Basic Financial Statements:		
Statement of Net Assets	A	12
Statement of Revenues, Expenses and Changes in Net Assets	B	14
Statement of Cash Flows	C	15
Notes to the Financial Statements		16
 Independent Auditor's Reports Required by <i>Government Auditing Standards; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the Single Audit Act Amendments of 1996:</i>		
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>		25
Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133		27
Schedule of Current Year Findings and Questioned Costs	1	30
Schedule of Prior Audit Findings	2	36
Corrective Action Plan for Current Year Audit Findings	3	37
 Supplemental Information Schedules		
Schedule of Compensation Paid Board Members	4	38
Schedule of Expenditures of Federal Awards	5	39
Financial Data Schedule	6	41
Status of Prior Year Management Letter Items		45

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic financial statements of the Housing Authority of the City of Grambling (the authority) as of and for the year ended September 30, 2011, as listed in the table of contents. These basic financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Grambling as of September 30, 2011, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Independent Auditor's Report, 2011
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated February 7, 2012 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis listed in the table of contents, is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the authority's basic financial statements. The financial data schedule and other supplementary information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 7, 2012

HOUSING AUTHORITY OF GRAMBLING, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

SEPTEMBER 30, 2011

The management of Public Housing Authority of Grambling, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2011. 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 \$2,785,459 at the close of the fiscal year ended 2011.
 - ✓ Of this amount \$2,055,118 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, \$136,852 of net assets are restricted for the Housing Choice Voucher program
 - ✓ The remainder of \$593,489 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 67% of the total operating expenses of \$889,842 for the fiscal year 2011, which means the Authority might be able to operate about 8 months using the unrestricted assets alone, compared to 8 months in the prior fiscal year.
- The Housing Authority's total net assets decreased by \$52,399, a 2% decrease from the prior fiscal year 2010.
- The decrease in net assets of these funds was accompanied by a decrease in unrestricted cash by \$22,612 from fiscal year 2010, primarily due to spending more for operations than Federal funds received for operations.
- The Authority spent \$103,624 on capital asset additions and \$46,910 on construction in progress during the current fiscal year.

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2011

- These changes led to a decrease in total assets by \$35,930 and an increase in total liabilities by \$16,470. As related measure of financial health, there are still over \$10 of current assets covering each dollar of total current liabilities, which compares to \$11 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 2011?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets 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.

Fund Financial Statements

The Housing 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 assets and changes in them. One can think of the Housing Authority's net assets – 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 assets 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:

Low Rent Public Housing	\$ 220,980
Public Housing Capital Fund Program	61,797
Housing Choice Vouchers	423,136
ARRA Stimulus	<u>11,612</u>
Total funding received this current fiscal year	<u>\$ 717,525</u>

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2011

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 assets were \$2,785,459 as of September 30, 2011. Of this amount, \$2,055,118 was invested in capital assets, and \$593,489 was unrestricted. There were \$136,852 in specific assets restricted Housing Choice Voucher (HCV) program.

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Assets
 As of September 30, 2011**

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets	\$ 815,235	\$824,981
Capital assets, net of depreciation	<u>2,055,118</u>	<u>2,081,302</u>
Total assets	<u>2,870,354</u>	<u>2,906,283</u>
LIABILITIES		
Current liabilities	66,760	61,146
Non-current liabilities	<u>18,135</u>	<u>7,279</u>
Total liabilities	<u>84,895</u>	<u>68,425</u>
NET ASSETS		
Invested in capital assets, net of depreciation	2,055,118	2,081,302
Net assets restricted for the Housing Choice Voucher program	136,852	133,528
Unrestricted net assets	<u>593,489</u>	<u>623,028</u>
Total net assets	<u>2,785,459</u>	<u>2,837,858</u>
Total liabilities and net assets	<u>2,870,354</u>	<u>2,906,283</u>

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2011

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds decreased by \$52,399, or by 2%, from those of fiscal year 2010, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Fiscal Year Ended September 30, 2011**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Tenant rental revenue	\$ 101,064	\$101,196
Other tenant revenue	11,258	5,514
Total operating revenues	112,322	106,710
OPERATING EXPENSES		
General	72,339	68,849
Maintenance and repairs	73,196	101,747
Administrative expenses and management fees	179,697	189,032
Utilities	12,599	11,530
Federal Housing Assistance Payments (HAP) to landlords	373,573	409,008
Depreciation	176,717	173,309
Tenant services	971	1,977
Extraordinary repairs	750	1,800
Total operating expenses	889,842	957,252
(Losses) from operations	(777,520)	(850,542)
NON-OPERATING REVENUES		
Federal grants for operations	664,268	633,259
Interest income	351	385
Other non-tenant revenue	7,245	6,399
Total Non-Operating Revenues	671,864	640,043
NON-OPERATING EXPENSES		
(Losses) after non-operating revenues	(105,656)	(210,499)
OTHER CHANGES IN NET ASSETS		
Federal grants for capital expenditures	53,257	345,400
NET INCREASE (DECREASE) IN NET ASSETS	(52,399)	134,901
NET ASSETS, beginning of fiscal year	2,837,858	2,702,957
NET ASSETS, end of fiscal year	2,785,459	2,837,858

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$254,710, or by 23%, from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue increased by \$5,612, or by 5%, from that of the prior fiscal year due to the amount of rent each tenant pays which is based on a sliding scale of their personal income. Though tenants' rent revenue decreased, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) increased by \$5,744.
- Federal revenues from HUD for operations increased by \$31,009, or by 5%, from that of the prior fiscal year. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly.
- Federal Capital Funds from HUD decreased by \$292,143, or by 85%, 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 2006 through 2009.
- Total other non-operating revenue increased by \$846, or by 13%, from that of the prior fiscal year, because the authority received Port admin fees as well as HAP reimbursements for those ports which are classified as other income on the FDS.
- Interest income totaling \$351, did not change significantly from the prior to the current year.

Compared with the prior fiscal year, total operating and non-operating expenses decreased \$67,409, or by 7%, 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 \$3,409 from that of the prior fiscal year.
- Maintenance and repairs decreased by \$29,601, or by 29%, from that of the prior fiscal year, due to several factors: Repair staff wages decreased by \$15,534, and related employee benefit contributions decreased by \$3,703. Contract labor costs increased by \$5,380, but materials used decreased by \$14,694. In addition, Extraordinary maintenance decreased by \$1,050 from that of the prior fiscal year.
- General Expenses increased by \$3,490, or by 5%, from that of the prior fiscal year, and payments in lieu of taxes (PILOT) decreased by \$179, or by 2%. PILOT is calculated as a percentage of rent minus utilities which, therefore, changed proportionately to the changes in each of these, primarily because insurance premiums decreased by \$5,213, or by 12%, (since property and casualty insurance premiums decreased) whereas other general expenses decreased by \$1,892, or by 31%. In addition, bad debts increased by \$727, and compensated absences increased by \$10,048 from that of the prior fiscal year.

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2011

- Administrative Expenses decreased by \$9,335, or by 5%, from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$9,932, and related employee benefit contributions increased by \$4,761; therefore, total staff salaries and benefit costs increased by 13%. In addition, audit fees decreased by \$2,443 legal fees increased by \$510; thus, total outside professional fees decreased by 16%. Finally, staff training/travel reimbursements decreased by \$21,922, office expenses increased by \$3,333, and sundry expenses decreased by \$3,506; therefore, other staff administrative expense decreased by 36%.
- Housing Assistance Payments to landlords decreased by \$35,435, or by 9%, from that of the prior fiscal year, because there was a decrease in the number of tenants qualifying for subsidy during the year.
- Utilities Expense increased by \$1,069, or by 9%, from that of the prior fiscal year, due to numerous cumulative factors: Water cost increased by \$12 due to an increase in rate by 96%; electricity cost increased by \$1,398 due to an increase in consumption by 6%; gas cost decreased by \$491 due to a decrease in consumption by 44%; and finally, other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) decreased by \$340.
- Finally, other tenant services decreased by \$1,006, or by 51%, from that of the prior fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2011, the Housing Authority had a total cost of \$5,930,009 invested in a broad range of assets and construction in progress from projects funded in 2006 through 2009, listed below. This amount, not including depreciation, represents increases of \$150,534 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation
 As of September 30, 2011**

	<u>2011</u>	<u>2010</u>
Land	\$ 120,589	\$120,589
Construction in progress	392,311	345,400
Buildings	1,451,601	1,448,052
Leasehold improvements	70,855	77,549
Furniture and equipment	19,762	89,712
	<hr/>	<hr/>
Total	2,055,118	2,081,302

As of the end of the 2011 fiscal year, the Authority is still in the process of completing HUD grants of \$745,464 obtained during 2006 through 2009 fiscal years.

Debt

Non-current liabilities also include accrued annual vacation 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 2012 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 Bridgett Tanner, at Public Housing Authority of Grambling, Louisiana; P.O. Box 626; Grambling, LA 71245.

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Assets
As of September 30, 2011

ASSETS**Current assets**

Cash and cash equivalents	454,155
Receivables:	
HUD	180,393
Tenant rents, net of allowance	2,868
Prepaid insurance	20,635
Inventory, net of allowance	432
Restricted assets - cash and cash equivalents	<u>156,752</u>
Total current assets	<u>815,235</u>

Noncurrent assets

Capital assets:

Nondepreciable capital assets:

Land	120,589
Construction in progress	<u>392,310</u>
Total nondepreciable capital assets	<u>512,899</u>

Depreciable capital assets:

Buildings and improvements	5,151,291
Furniture and equipment	265,819
Less accumulated depreciation	<u>(3,874,892)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>1,542,218</u>

Total capital assets, net of accumulated depreciation	<u>2,055,117</u>
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Total assets	<u>2,870,352</u>
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(continued)

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Assets
As of September 30, 2011

LIABILITIES**Current Liabilities**

Accounts payable	9,286
Payable to other governments	8,846
Accrued wages payable	4,687
Accrued compensated absences	4,363
Deferred revenue	18,734
Other liability	943
Security deposit liability	19,900

Total current liabilities66,759**Noncurrent liabilities**

Accrued compensated absences	18,135
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Total noncurrent liabilities18,135**Total liabilities**84,894**NET ASSETS**

Invested in capital assets, net of related debt	2,055,117
Restricted	136,852
Unrestricted	593,489

Total net assets\$ 2,785,458

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

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Revenues, Expenses, and Changes In Net Assets
For the Year ended September 30, 2011

Operating Revenues	
HUD Operating Grants	\$ 664,268
Dwelling Rental	101,064
Other Operating	<u>11,258</u>
Total operating revenues	<u>776,590</u>
Operating Expenses	
Housing Assistance Payments	373,573
General and administrative	252,036
Repairs and maintenance	73,946
Utilities	12,600
Tenant services	971
Depreciation and amortization	<u>176,718</u>
Total operating expenses	<u>889,844</u>
Operating Income (loss)	(113,254)
Nonoperating Revenues (Expenses):	
Interest revenue	351
Miscellaneous revenues	<u>7,245</u>
Total nonoperating revenues (expenses)	<u>7,596</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(105,658)
Capital contributions (grants)	53,257
Increase (decrease) in net assets	(52,401)
Net assets, beginning of year	<u>2,837,859</u>
Net assets, end of year	<u>\$ 2,785,458</u>

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

Housing Authority of the City of Grambling
Statement of Cash Flows
For the Year ended September 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 662,482
Receipts from tenants	110,789
Payments to landlords	(373,573)
Payments to suppliers	(193,860)
Payments to employees	<u>(130,112)</u>
Net cash provided by operating activities	<u>75,726</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	7,245
Net cash provided by noncapital financing activities	<u>7,245</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grants	53,257
Purchase and construction of capital assets	<u>(150,534)</u>
Net cash (used in) capital and related financing activities	<u>(97,277)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>351</u>
Net cash provided by investing activities	<u>351</u>
Net increase (decrease) in cash and cash equivalents	<u>(13,955)</u>
Cash and cash equivalents - beginning of year	<u>624,862</u>
Cash and Cash equivalents - unrestricted	454,155
Cash and Cash equivalents - restricted	156,752
Total Cash and Cash Equivalents - end of year	<u>\$ 610,907</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (113,254)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	176,718
Changes in assets and liabilities:	
HUD receivable	(1,786)
Tenant rents, net of allowance	(1,408)
Prepaid insurance	(882)
Inventories	(133)
Accounts payable	6,121
Accrued wages payable	1,616
PILOT Payable	(181)
Accrued compensated absences	11,503
Other Liability	(6,490)
Deferred Revenues	4,027
Security deposit liability	<u>(125)</u>
Net cash provided by operating activities	<u>\$ 75,726</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana
Notes to the Basic Financial Statements
September 30, 2011

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 Grambling (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 Grambling, 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 established 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 GASB 14, 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 GASB 14 as other legally separate organizations for which the elected authority members are financially accountable.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2011 – Continued

The authority is a related organization of the City of Grambling, 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 Managements discussion and Analysis—for State and Local Governments, which was unanimously approved in June 1999 by the GASB.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2011 – Continued

(3) Measurement focus and basis of accounting

Proprietary finds 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 assets. The authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

(4) Assets, liabilities, and net assets

(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 for the Low Rent Program and Housing Assistance Payment reserves for the Housing Choice Voucher Program are reflected as restricted.

(d) Capital assets

Capital assets of the authority are included in the statement of net assets and are recorded at actual cost. The capitalization threshold is \$500.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2011 – Continued

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:

Buildings	33 years
Modernization and improvements	15 years
Furniture and equipment	3-7 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, 2011, the management of the authority established an allowance for doubtful accounts of approximately \$5,254.

(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. However, one employee, per written contract, shall be paid for all accumulated annual leave upon separation from employment with the authority. 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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2011 – Continued

(h) Restricted net assets

Net assets are reported as restricted when constraints placed on net asset 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 assets 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, 2011, the authority's carrying amount of deposits was \$610,907, which includes the following:

Cash and cash equivalents-unrestricted	\$454,155
Cash and cash equivalents- restricted	156,752
Total	\$610,907

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2011 – Continued

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. \$252,622 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$373,777 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, 2011 totaled \$626,399.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2011 was as follows:

	<u>9 30 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>9 30 2011</u>
Nondepreciable Assets:					
Land	120,589				120,589
Construction in Progress	345,399	46,910	-	-	392,309
Depreciable Assets:					
Building and improvements	5,060,444	90,846	-	-	5,151,290
Furniture and equipment	<u>253,043</u>	<u>12,778</u>	<u>-</u>	<u>-</u>	<u>265,821</u>
Total	<u>5,779,475</u>	<u>150,534</u>	<u>-</u>	<u>-</u>	<u>5,930,009</u>
Less accumulated depreciation					
Building and improvements	3,516,697	167,074	-	-	3,683,771
Furniture and equipment	<u>181,477</u>	<u>9,644</u>	<u>-</u>	<u>-</u>	<u>191,121</u>
Total accumulated depreciation	<u>3,698,174</u>	<u>176,718</u>	<u>-</u>	<u>-</u>	<u>3,874,892</u>
Net Capital Assets	<u>2,081,301</u>	<u>(26,184)</u>	<u>-</u>	<u>-</u>	<u>2,055,117</u>

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2011 – Continued

NOTE D – CONSTRUCTION COMMITMENTS

The authority is engaged in a modernization program and has entered into construction type contracts with approximately \$265,508 remaining until completion.

NOTE E – COMPENSATED ABSENCES

At September 30, 2011, employees of the authority have accumulated and vested \$22,498 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$18,135 is reported in long-term debt.

NOTE F – LONG TERM OBLIGATIONS

As of September 30, 2011, long term obligations consisted of compensated absences in the amount of \$18,135. The following is a summary of the changes in the long term obligations for the year ended September 30, 2011.

	Compensated Absences
Balance as of October 1, 2010	\$7,279
Additions	11,113
Deductions	(257)
Balance as of September 30, 2011 (Long term)	<u>18,135</u>
Amount due in one year (Short term)	<u>\$4,363</u>

NOTE G – 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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2011 – Continued

NOTE H - 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 7.5 percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute 5.5 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.

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, 2011, was \$130,112. The authority's contributions were calculated using the base salary amount of \$91,059. The authority made the required contributions of \$6,826 for the year ended September 30, 2011.

NOTE I – 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 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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2011 – Continued

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 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 – 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. Subsequent to FYE, in October 2011, the authority caused the HCV Program to pay \$45,461 to the Public Housing Program reducing the Inter Program balance by that amount. Please note that this caused Finding 2011-2 to be modified to include the then net inter program balance of \$21,537 as Questioned Costs.

NOTE L – ECONOMIC DEPENDENCE

Statement of Financial Accounting Standard (SFAS) No. 14 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 \$715,525 to the authority, which represents approximately 86% of the authority's total revenue for the year.

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

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

I have audited the financial statements of the Housing Authority of the City of Grambling (the authority), as of and for the year ended September 30, 2011 and have issued my report thereon dated February 7, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questions costs, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weakness.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Report on Internal Control... *Government Auditing Standards*, 2011

Page Two

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the authority's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. See Findings F-2011-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of 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*.

The authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. I did not audit the authority's response and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. 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 7, 2012

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

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

Compliance

I have audited the compliance of the Housing Authority of the City of Grambling (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each its major federal programs for the year ended September 30, 2011. The authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

I 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the authority's compliance with those requirements.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Compliance...A-133, 2011
Page Two

As described in items F-2011-1 and F-2011-2 in the accompanying schedule of findings and questioned costs, the authority did not comply with requirements regarding Activities allowed/unallowed, Eligibility and Special Tests and Provisions that are applicable to its Housing Choice Voucher Program. Compliance with such requirements is necessary, in my opinion, for the authority to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, the authority complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses.

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items F-2011-1 and F-2011-2 to be material weaknesses.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Compliance...A-133, 2011
Page Three

The authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. I did not audit the authority's response and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. 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 7, 2012

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2011

The threshold used for distinguishing between Type A and B programs was \$300,000.

Auditee qualified as a low-risk auditee? yes no

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

FINDING F-2011-2

See SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

The finding is considered both a GAS finding and an A-133 finding

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2011

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COST

FINDING NUMBER 2011-1

FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency and Year – HUD CY 2010 & 2011

CFDA Title # 14.871

Program Name – Housing Choice Vouchers Program

CRITERIA:

HUD Regulations require annual re-examination of the tenant file including that:

The income reported by the tenant family be confirmed using the Earned Income Verification (EIV) online system to ensure the income is being correctly reported.

Any apartment failing the physical inspection be re inspected within 30 days to ensure that Housing Quality Standards are met.

CONDITION:

My test of 11 annual re-examinations of tenant files revealed that for 2 files, discrepancies between the tenant reported income and the EIV reported income were not reconciled in a timely manner.

My test of 11 annual re-examinations of tenant files revealed that 1 of the apartments did not pass the HQS inspection and the apartment was not re-inspected within a 30 day follow up-period.

EFFECT:

It appears that the tenant did not pay the correct amount of monthly rent and HUD paid an incorrect amount of HAP payment because the correct tenant income was not used in the calculation of tenant rents.

It appears that GHA did not ensure that the apartment was in suitable condition per Housing Quality Standards.

PERSPECTIVE – The authority administers 90 units in the HCV Program.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2011

QUESTIONED COSTS – NONE

MATERIAL NON COMPLIANCE – YES

AUDITOR RECOMMENDATIONS:

I recommend that GHA follow the regulations and it's policy and confirm tenant family income using the EIV program during each annual re examination.

I recommend that GHA strictly follow it's policies, procedures, and HUD Regulations which require that each apartment be inspected at least annually using the Housing Quality Standards specified by HUD.

PHA RESPONSE – SEE CORRECTIVE ACTION PLAN

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2011

FINDING NUMBER 2011-2

FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency and Year – HUD CY 2010 & 2011

CFDA Title # 14.871, 14.850

Program Name – Housing Choice Vouchers, Public Housing

CRITERIA:

Federal Regulations including the 1937 Act of Congress authorizing creation of Public Housing Authorities (PHA) and the Annual Contributions Contract (ACC) between HUD and GHA prohibit Federally funded programs from loaning monies to any other programs.

CONDITION:

As of 9-30-2011, inter program accounts receivables and payables were recorded as \$70,615. During the fiscal year management did not pay any monies at all from HCV to PIH in order to reduce the inter program amounts.

Of this amount, HCV owed PIH \$66,998 and ARRA owed PIH \$3,617. Subsequent to the FYE, in October 2011, the HCV Program paid \$45,461 to the Public Housing Program, leaving the HCV to PIH a net inter program balance of \$21,537.

EFFECT:

GHA violated Federal Regulations by causing Federal programs it administers to loan monies to other programs it administers.

At FYE the amount of inter program monies owed by the HCV Program was recorded as \$66,998. The amount of Unrestricted Net Assets recorded by the HCV Program was **NEGATIVE \$10,661**. Therefore the HCV Program does not have the resources to pay off the amount due to PIH.

Management caused the HCV Program to violate Federal Regulations by borrowing monies from other Federal Programs and that the HCV Program does not have resources to pay all of the money back.

QUESTIONED COSTS – \$21,537

MATERIAL NON COMPLIANCE – NO

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2011

PERSPECTIVE

At FYE GHA recorded total assets in the amount of \$2,873,969

AUDITOR RECOMMENDATIONS:

This inter program activity, in violation of The ACC and the Act of Congress, has been in existence for over a decade. I suggest that GHA Management make it a priority to 1) ensure that all inter program balances are paid off as of 9-30-2012, and 2) GHA Management report to the board of commissioners at each board meeting the status of any inter program balances as of the date the financial reports are presented to the board.

PHA RESPONSE – SEE CORRECTIVE ACTION PLAN

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Schedule of Prior Year Audit Findings
Fiscal Year Ended September 30, 2011

Finding F-2010-1

GHA did not properly execute Depository Agreements with all banking institutions holding GHA funds.

This finding is not repeated.

Finding F – 2010- 2

GHA did not comply with HUD regulations regarding physical inspection of all HCV Units.

This finding is repeated as Finding 2011-1

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Corrective Action Plan for Current Year Findings
For Fiscal Year Ended September 30, 2011

FINDING F-2011-1

CORRECTIVE ACTION PLAN:

Person Responsible – Ms. Bridgette Tanner, Executive Director

Anticipated Completion Date – September 30, 2012

Action Planned –

Beginning with all of our future re-examinations we will ensure that staff use the EIV system and resolve any differences between the income reported by the family versus the family income verified by EIV.

Beginning with all of our future re-examinations we will ensure that any HQS deficiencies noted in our physical examination are corrected and verified within 30 days by a staff re-examination.

FINDING F-2011-2

CORRECTIVE ACTION PLAN:

Person Responsible – Executive Director

Anticipated Completion Date – September 30, 2012

Action Planned – GHA staff will make every effort to ensure that GHA has no inter program account balances as of 9-30-2012. The only reason we envision for GHA not meeting the deadline is if the HCV Program does not have the financial resources to pay off any balance.

Schedule 4

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended September 30, 2011

Board members serve without compensation

SCHEDULE 5

Housing Authority of the City of Grambling
Grambling, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2011

<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	\$ 220,980
Housing Choice Voucher Program	14.871	423,136
Public Housing Capital Fund Program	14.872	61,797
ARRA - American Recovery and Reinvestment Act	14.885	11,612
Total Federal Expenditures		\$ 717,525

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2011

NOTE A – General

The accompanying Schedule of Expenditures of Federal Awards presents all of the Federal awards programs of the Authority. The authority reporting entity is defined in Note 1 to the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included in this schedule.

NOTE B – Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards Programs is presented using the accrual basis of accounting, which is described in Note 1 to the authority's basic financial statements.

NOTE C – Relationship to Basic Financial Statements

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

Low Rent Public Housing	220,980
Housing Choice Voucher Program	423,136
Public Housing Capital Fund Program	61,797
ARRA - American Recovery and Reinvestment Act	11,612

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 Town of Grambling (LA097)

Grambling, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2011

	Project Total	14.871 Housing Choice Vouchers	14.895 Formula Capital Fund Stimulus Grant	14.DVP Disaster Voucher Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$404,685	\$49,470			\$454,155		\$454,155
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted		\$136,852			\$136,852		\$136,852
114 Cash - Tenant Security Deposits	\$19,900				\$19,900		\$19,900
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$424,585	\$186,322	\$0	\$0	\$610,907	\$0	\$610,907
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	\$163,309	\$13,467	\$3,617		\$180,393		\$180,393
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous							
126 Accounts Receivable - Tenants	\$6,122				\$6,122		\$6,122
126.1 Allowance for Doubtful Accounts - Tenants	-\$5,254				-\$5,254		-\$5,254
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0		\$0
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	\$166,177	\$13,467	\$3,617	\$0	\$183,261	\$0	\$183,261
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$18,610	\$1,025			\$20,635		\$20,635
143 Inventories	\$455				\$455		\$455
143.1 Allowance for Obsolete Inventories	-\$23				-\$23		-\$23
144 Inter Program Due From	\$70,615				\$70,615	-\$70,615	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$661,419	\$200,614	\$3,617	\$0	\$865,650	-\$70,615	\$815,235
161 Land	\$120,589				\$120,589		\$120,589
162 Buildings	\$4,426,137				\$4,426,137		\$4,426,137
163 Furniture, Equipment & Machinery - Dwellings	\$54,365				\$54,365		\$54,365
164 Furniture, Equipment & Machinery - Administration	\$208,678	\$2,776			\$211,454		\$211,454
165 Leasehold Improvements	\$725,154				\$725,154		\$725,154
166 Accumulated Depreciation	-\$3,873,041	-\$1,851			-\$3,874,892		-\$3,874,892
167 Construction in Progress	\$392,310				\$392,310		\$392,310
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,054,192	\$625	\$0	\$0	\$2,055,117	\$0	\$2,055,117
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	\$2,054,192	\$625	\$0	\$0	\$2,055,117	\$0	\$2,055,117
190 Total Assets	\$2,735,611	\$201,739	\$3,617	\$0	\$2,940,967	-\$70,615	\$2,870,352
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$9,286				\$9,286		\$9,286
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	\$4,687				\$4,687		\$4,687
322 Accrued Compensated Absences - Current Portion	\$3,053	\$1,310			\$4,363		\$4,363
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Accounts Payable - PHA Projects							
333 Accounts Payable - Other Government	\$8,648				\$8,648		\$8,648
341 Tenant Security Deposits	\$19,900				\$19,900		\$19,900
342 Deferred Revenues	\$18,734				\$18,734		\$18,734
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds							
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities							
346 Accrued Liabilities - Other	\$943				\$943		\$943
347 Inter Program - Due To		\$68,698	\$3,617		\$70,615	-\$70,615	\$0
348 Loan Liability - Current							
310 Total Current Liabilities	\$65,449	\$68,308	\$3,617	\$0	\$137,374	-\$70,615	\$66,759

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	\$11,820	\$8,315			\$18,135		\$18,135
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities							
350 Total Non-Current Liabilities	\$11,820	\$8,315	\$0	\$0	\$18,135	\$0	\$18,135
300 Total Liabilities	\$77,289	\$74,823	\$3,617	\$0	\$155,509	-\$70,615	\$84,894
508.1 Invested in Capital Assets, Net of Related Debt	\$2,054,182	\$925			\$2,055,117		\$2,055,117
509.2 Fund Balance Reserved							
511.2 Unreserved, Designated Fund Balance							
511.1 Restricted Net Assets		\$136,852			\$136,852		\$136,852
512.1 Unrestricted Net Assets	\$804,150	-\$10,661	\$0	\$0	\$593,489		\$593,489
512.2 Unreserved, Undesignated Fund Balance							
513 Total Equity/Net Assets	\$2,658,342	\$127,116	\$0	\$0	\$2,785,458	\$0	\$2,785,458
600 Total Liabilities and Equity/Net Assets	\$2,735,611	\$201,739	\$3,617	\$0	\$2,940,967	-\$70,615	\$2,870,352

Housing Authority of the Town of Grambling (LA097)
Grambling, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-193

Fiscal Year End: 09/30/2011

	Project Total	14 871 Housing Choice Vouchers	14 885 Formula Capital Fund Stimulus Grant	14 DVP Disaster Voucher Program	Subtotal	ELJM	Total
70300 Net Tenant Rental Revenue	\$101,084				\$101,084		\$101,084
70400 Tenant Revenue - Other	\$11,258				\$11,258		\$11,258
70500 Total Tenant Revenue	\$112,322	\$0	\$0	\$0	\$112,322	\$0	\$112,322
70600 HUD PHA Operating Grants	\$240,880	\$423,136	\$152		\$664,268		\$664,268
70610 Capital Grants	\$41,787		\$11,460		\$53,257		\$53,257
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	\$280				\$280		\$280
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	\$5,637	\$1,408			\$7,245		\$7,245
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted		\$71			\$71		\$71
70400 Total Revenue	\$401,216	\$424,615	\$11,612	\$0	\$837,443	\$0	\$837,443
91100 Administrative Salaries	\$68,858	\$35,705			\$104,364		\$104,364
91200 Auditing Fees	\$8,930	\$2,970			\$9,900		\$9,900
91300 Management Fee							
91310 Book-keeping Fee							
91400 Advertising and Marketing	\$218	\$14			\$233		\$233
91500 Employee Benefit Contributions - Administrative	\$18,854	\$6,731			\$25,585		\$25,585
91600 Office Expenses	\$23,847	\$7,638			\$31,586		\$31,586
91700 Legal Expense	\$459	\$51			\$510		\$510
91800 Travel	\$4,113	\$457			\$4,570		\$4,570
91810 Allocated Overhead							
91900 Other	\$2,798		\$152		\$2,950		\$2,950
91000 Total Operating - Administrative	\$125,978	\$43,568	\$152	\$0	\$179,698	\$0	\$179,698
92000 Asset Management Fee							
92100 Tenant Service - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other	\$971				\$971		\$971
92500 Total Tenant Services	\$971	\$0	\$0	\$0	\$971	\$0	\$971
93100 Water	\$124				\$124		\$124
93200 Electricity	\$10,759				\$10,759		\$10,759
93300 Gas	\$1,386				\$1,386		\$1,386
93400 Fuel							
93500 Labor							
93600 Sewer	\$351				\$351		\$351
93700 Employee Benefit Contributions - Utilities							
93800 Other Utility Expense							
93000 Total Utilities	\$12,600	\$0	\$0	\$0	\$12,600	\$0	\$12,600
94100 Ordinary Maintenance and Operations - Labor	\$25,748				\$25,748		\$25,748
94200 Ordinary Maintenance and Operations - Materials and Other	\$23,332				\$23,332		\$23,332
94300 Ordinary Maintenance and Operations Contracts	\$21,623				\$21,623		\$21,623
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,483				\$2,483		\$2,483
94000 Total Maintenance	\$73,186	\$0	\$0	\$0	\$73,186	\$0	\$73,186
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
98110 Property Insurance	\$19,697				\$19,697		\$19,697
98120 Liability Insurance	\$7,483	\$838			\$8,102		\$8,102

96130 Workmen's Compensation	\$2,882	\$862			\$3,854		\$3,854
96140 All Other Insurance	\$5,540	\$514			\$6,054		\$6,054
96100 Total Insurance Premiums	\$25,592	\$2,115	\$0	\$0	\$37,707	\$0	\$37,707
96200 Other General Expenses		\$4,285			\$4,285		\$4,285
96210 Compensated Absence	\$10,753	\$5,493			\$16,246		\$16,246
96300 Payments in Lieu of Taxes	\$8,846				\$8,846		\$8,846
96400 Bad debt - Tenant Rents	\$5,254				\$5,254		\$5,254
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96900 Total Other General Expenses	\$24,853	\$9,778	\$0	\$0	\$34,631	\$0	\$34,631
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
96800 Total Operating Expenses	\$273,190	\$65,461	\$152	\$0	\$338,803	\$0	\$338,803
97000 Excess of Operating Revenue over Operating Expenses	\$128,026	\$350,154	\$11,480	\$0	\$498,640	\$0	\$498,640
97100 Extraordinary Maintenance	\$750				\$750		\$750
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments		\$372,329			\$372,329		\$372,329
97350 HAP Portability-In		\$1,244			\$1,244		\$1,244
97400 Depreciation Expense	\$176,793	\$925			\$178,718		\$178,718
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
99000 Total Expense	\$446,733	\$439,950	\$152	\$0	\$889,844	\$0	\$889,844
10010 Operating Transfer In	\$20,000				\$20,000		\$20,000
10020 Operating transfer Out	-\$20,000				-\$20,000		-\$20,000
10030 Operating Transfers fromto Primary Government							
10040 Operating Transfers fromto 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 Expense	-\$48,517	-\$15,344	\$11,480	\$0	-\$52,401	\$0	-\$52,401
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,655,396	\$136,426	\$0	\$6,034	\$2,837,856		\$2,837,856
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$11,460	\$6,034	-\$11,460	-\$6,034	\$0		\$0
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		-\$9,736			-\$9,736		-\$9,736
11180 Housing Assistance Payments Equity		\$136,852			\$136,852		\$136,852
11180 Unit Months Available	1036	1102			2140		2140
11210 Number of Unit Months Leased	940	1102			2042		2042
11270 Excess Cash	\$573,163				\$573,163		\$573,163
11610 Land Purchases	\$0				\$0		\$0
11620 Building Purchases	\$46,910				\$46,910		\$46,910
11630 Furniture & Equipment - Dwelling Purchases	\$6,347				\$6,347		\$6,347
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0		\$0
11650 Leasehold Improvements Purchases	\$0				\$0		\$0
11660 Infrastructure Purchases	\$0				\$0		\$0
13510 CFFP Debt Service Payments	\$0				\$0		\$0
13901 Replacement Housing Factor Funds	\$0				\$0		\$0

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Status of Prior Year Management Letter Items
For the Year Ended September 30, 2011

ML 2010-01

Inter program loans from 1 Federal Program to another in violation of Federal Regulations.

This is repeated as Finding 2011-2