

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

**Annual Financial Report
As of and for the Year Ended September 30, 2017**

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Basic Financial Statements

As of and for the Year Ended September 30, 2017

With Supplemental Information Schedules

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

Telephone 866-829-0993
Fax 225-665-1225
E-mail danny@highperformer.net

Member of
Louisiana Society of CPA's
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Grambling (the authority) as of and for the year ended September 30, 2017, 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 Grambling as of September 30, 2017, 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.

Emphasis of Matter

Also included in Supplementary Information is an Agreed-Upon Procedures report, which reports on an Agreed-Upon Procedures engagement now required by the Louisiana Legislative Auditor. My opinion is not modified in respect to the matter.

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 and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The Financial Data Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer 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 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 October 18, 2018 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 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

October 18, 2018

HOUSING AUTHORITY OF GRAMBLING, LA

REQUIRED SUPPLEMENTAL INFORMATION

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
September 30, 2017**

The management of Housing Authority of Grambling, LA presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2017. 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 \$1,937,355 at the close of the fiscal year ended 2017.
 - ✓ Of this amount \$1,391,721 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, \$41,806 of net position is restricted for the Housing Choice Voucher program.
 - ✓ The remainder of \$503,828 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 49% of the total operating expenses of \$975,994 for the fiscal year 2017, which means the Authority might be able to operate about 5 months using the unrestricted assets alone, compared to 5 months in the prior fiscal year.
- The Housing Authority's total net position decreased by \$61,073, a 3% decrease from the prior fiscal year 2016.
- The decrease in net position of these funds was accompanied by an increase in unrestricted cash by \$87,659 from fiscal year 2016.
- These changes led to a decrease in total assets by \$77,810 and a decrease in total liabilities by \$16,737. As related measure of financial health, there are still over \$11 of current assets covering each dollar of total current liabilities, which compares to \$7 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 2017?" 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.

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 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	\$ 44,423
Low Rent Public Housing	257,747
Housing Choice Vouchers	399,518
Total funding received this current fiscal year	<u>\$ 701,688</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 \$1,937,355 as of September 30, 2017. Of this amount, \$1,391,721 was invested in capital assets and \$503,828 was unrestricted. There were \$41,806 in specific assets restricted for the Housing Choice Voucher (HCV) program.

Housing Authority of Grambling, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2017

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position
 As of September 30, 2017**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets	\$ 606,021	\$ 531,413
Assets restricted for Housing Choice Voucher (HCV) program	41,806	-
Capital assets, net of depreciation	1,391,721	1,585,945
Total assets	<u>2,039,548</u>	<u>2,117,358</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred payments to government assistance programs	-	-
LIABILITIES		
Current liabilities	51,754	78,383
Non-current liabilities	50,439	40,547
Total liabilities	<u>102,193</u>	<u>118,930</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues from government assistance programs	-	-
NET POSITION		
Invested in capital assets, net of depreciation	1,391,721	1,585,945
Net position restricted for the Housing Choice Voucher program	41,806	-
Unrestricted net position	503,828	412,483
Total net position	<u>\$ 1,937,355</u>	<u>\$ 1,998,428</u>

Housing Authority of Grambling, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2017

CONDENSED FINANCIAL STATEMENTS (Continued)

The net position of these funds decreased by \$83,160, or by 4%, from those of fiscal year 2016, 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 Position
Fiscal Year Ended September 30, 2017

	<u>2017</u>	<u>2016</u>	<u>Changes</u>
OPERATING REVENUES			
Tenant Revenue	\$ 150,774	\$ 138,635	\$ 12,139
HUD grants for operations	701,688	626,737	52,864
Other operating	50,950	13,751	37,199
Total operating revenues	<u>903,412</u>	<u>779,123</u>	<u>124,289</u>
OPERATING EXPENSES			
General	144,223	65,021	79,202
Ordinary maintenance and repairs	85,284	117,272	(31,988)
Administrative expenses and management fees	207,591	268,379	(60,788)
Utilities	13,165	11,938	1,227
Tenant services	18	1,068	(1,050)
Federal Housing Assistance Payments (HAP) to landlords & Ports	331,489	371,487	(39,998)
Depreciation	194,224	239,663	(45,439)
Total operating expenses	<u>975,994</u>	<u>1,074,828</u>	<u>(98,834)</u>
Income (losses) from operations	<u>(72,582)</u>	<u>(295,705)</u>	<u>223,123</u>
NON-OPERATING REVENUES			
Non operating revenues	11,509	28,658	(17,149)
Total non-operating revenues	<u>11,509</u>	<u>28,658</u>	<u>(17,149)</u>
Income (losses) before capital contributions	(61,073)	(267,047)	205,974
CAPITAL CONTRIBUTIONS			
	-	87,200	(87,200)
CHANGES IN NET POSITION	<u>(61,073)</u>	<u>(179,847)</u>	<u>118,774</u>
NET POSITION - BEGINNING	1,998,428	2,178,275	(179,847)
NET POSITION - END	<u>\$ 1,937,355</u>	<u>\$ 1,998,428</u>	<u>\$ (61,073)</u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating, non-operating revenues and capital contributions decreased \$2,948 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue increased by \$29,948 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 increased by \$17,809.
- Federal revenues from HUD for operations increased by \$52,864 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 decreased by \$87,200 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 2013 through 2015, and submitted a new grant during fiscal year 2017.
- Total other operating revenue increased by \$37,199 and interest income increased by \$49 from the prior fiscal year.

Compared with the prior fiscal year, total operating expense decreased \$98,834, or by 9%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense decreased by \$45,439 from that of the prior fiscal year.
- Maintenance and repairs decreased by \$31,988 from that of the prior fiscal year due to changes in the following: Repair staff wages decreased by \$7,840 and related employee benefit contributions decreased by \$778. Materials used decreased by \$21,893 and contract labor costs decreased by \$1,477.
- General Expenses increased by \$79,202 from that of the prior fiscal year. Payments in lieu of taxes (PILOT) increased by \$1,046. PILOT is calculated as a percentage of rent minus utilities and therefore changed proportionately to the changes in each of these. Insurance premiums decreased by \$2,546, other general expenses increased by \$79,860 and bad debts decreased by \$227. Lastly, compensated absences increased by \$1,069.
- Administrative Expenses decreased by \$60,788 from that of the prior fiscal year due to a combination of factors. Administrative staff salaries decreased by \$23,481 and related employee benefit contributions increased by \$1,085; therefore, total staff salaries and benefit costs decreased. Outside professional fees changed as follows: audit fees increased by \$3,926 and legal fees decreased by \$420. In addition, staff travel reimbursements decreased by \$12,271, office expenses decreased by \$8,385 and sundry expenses decreased by \$21,242.
- Housing Assistance Payments to landlords decreased by \$39,998 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 increased by \$1,227 from that of the prior fiscal year because water cost decreased by \$161, electricity cost increased by \$1,339, gas cost increased by \$212, and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) decreased by \$163.
- Total Tenant Services decreased by \$1,050 from that of the prior fiscal year due to the following combination of factors: relocation costs decreased by \$281 and other tenant services decreased by \$769.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2017, the Housing Authority had a total cost of \$6,549,421 invested in a broad range of assets and construction in progress from projects funded in 2013 through 2015, listed below. This amount, not including depreciation, represents decreases of \$1 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, 2017**

	<u>2017</u>	<u>2016</u>
Land	\$ 120,589	\$ 120,589
Buildings	5,439,128	5,439,129
Leasehold improvements	729,304	729,304
Furniture and equipment	260,400	260,400
Accumulated Depreciation	(5,157,700)	(4,963,477)
Total	<u>\$ 1,391,721</u>	<u>\$ 1,585,945</u>

As of the end of the 2017 fiscal year, the Authority is still in the process of completing HUD grants of \$317,833 obtained during 2013 through 2015 fiscal years.

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 2018 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 T. Tanner, at Housing Authority of Grambling, LA; PO Box 626, Grambling, LA 71245.

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Position
As of September 30, 2017

ASSETS

Current assets

Cash and cash equivalents	497,111
Receivables:	
HUD	70,387
Tenant rents, net of allowance	325
Fraud recovery, net of allowance	307
Miscellaneous, net of allowance	411
Prepaid expenses	13,792
Inventory, net of allowance	663
Restricted assets - cash and cash equivalents	<u>64,831</u>

Total current assets

647,827

Noncurrent assets

Capital assets:

Nondepreciable capital assets:

Land	120,589
Total nondepreciable capital assets	<u>120,589</u>

Depreciable capital assets:

Buildings and improvements	6,168,432
Furniture and equipment	260,400
Less accumulated depreciation	<u>(5,157,700)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>1,271,132</u>

Total capital assets, net of accumulated depreciation

1,391,721

Total assets

2,039,548

TOTAL ASSETS

2,039,548

(continued)

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Position
As of September 30, 2017

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	5,438
Payable to other governments	13,821
Accrued wages payable	4,122
Accrued compensated absences	4,422
Other liability	926
Security deposit liability	23,025
	<u>23,025</u>

Total current liabilities

51,754

Noncurrent liabilities

Accrued compensated absences	50,439
	<u>50,439</u>

Total noncurrent liabilities

50,439

TOTAL LIABILITIES

102,193

NET POSITION

Net Investments in Capital Assets	1,391,721
Restricted	41,806
Unrestricted	503,828
	<u>503,828</u>

TOTAL NET POSITION

\$ 1,937,355

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 Position
 For the Year ended September 30, 2017

Operating Revenues	
HUD Operating Grants	\$ 701,688
Dwelling Rental	150,774
Other Operating	<u>50,950</u>
Total operating revenues	<u>903,412</u>
Operating Expenses	
Housing Assistance Payments	331,489
General and administrative	351,814
Repairs and maintenance	85,284
Utilities	13,165
Tenant services	18
Depreciation and amortization	<u>194,224</u>
Total operating expenses	<u>975,994</u>
Operating income (loss)	(72,582)
Nonoperating Revenues (Expenses):	
Interest revenue	256
Miscellaneous revenues	<u>11,253</u>
Total nonoperating revenues (expenses)	<u>11,509</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(61,073)
Capital contributions (grants)	-
Increase (decrease) in net position	(61,073)
Net position, beginning of year	<u>1,998,428</u>
Net position, end of year	<u><u>\$ 1,937,355</u></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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 708,802
Receipts from tenants	202,583
Payments to landlords	(331,489)
Payments to suppliers	(338,636)
Payments to employees	<u>(121,952)</u>
Net cash provided by operating activities	<u>119,308</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	11,253
Net cash provided by noncapital financing activities	<u>11,253</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>256</u>
Net cash provided by investing activities	<u>256</u>
Net increase (decrease) in cash and cash equivalents	<u>130,817</u>
Cash and cash equivalents - beginning of year	<u>431,125</u>
Cash and Cash equivalents - unrestricted	497,111
Cash and Cash equivalents - restricted	64,831
Total Cash and Cash Equivalents - end of year	<u>\$ 561,942</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (72,582)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	194,224
Changes in assets and liabilities:	
HUD receivable	7,271
Fraud recovery	(157)
Tenant rents, net of allowance	2,209
Prepaid insurance	5,429
Inventories	(349)
Accounts payable	(2,431)
Accrued wages payable	1,643
PILOT Payable	1,091
Accrued compensated absences	10,311
Unearned revenue	(26,900)
Other liability	899
Security deposit liability	<u>(1,350)</u>
Net cash provided by operating activities	<u>\$ 119,308</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, 2017

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, 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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2017 – 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 Management's 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, 2017 – Continued

(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 position.

(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 position and are recorded at actual cost. The capitalization threshold is \$1,000. 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 GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2017 – Continued

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, 2017, the management of the authority established an allowance for doubtful accounts of approximately \$11,028.

(g) Compensated absences

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

(h) Restricted net position

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2017 – Continued

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, 2017, the authority's carrying amount of deposits was \$562,942, which includes the following:

Cash and cash equivalents-unrestricted	\$497,111
Cash and cash equivalents- restricted	64,831
Total	\$562,942

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. \$252,702 of the authority's total deposits were

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2017 – Continued

covered by federal depository insurance, and do not have custodial credit risk. The remaining \$335,692 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, 2017 totaled \$588,394.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2017 was as follows:

	<u>9 30 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>9 30 2017</u>
Nondepreciable Assets:				
Land	\$ 120,589	\$ -	\$ -	\$ 120,589
Construction in Progress	-	-	-	-
Depreciable Assets:				
Building and improvements	6,168,432	-	-	6,168,432
Furniture and equipment	<u>260,400</u>	<u>-</u>	<u>-</u>	<u>260,400</u>
Total	<u>6,549,421</u>	<u>-</u>	<u>-</u>	<u>6,549,421</u>
Less accumulated depreciation				
Building and improvements	4,768,385	189,990	-	4,958,375
Furniture and equipment	<u>195,091</u>	<u>4,234</u>	<u>-</u>	<u>199,325</u>
Total accumulated depreciation	<u>4,963,476</u>	<u>194,224</u>	<u>-</u>	<u>5,157,700</u>
Net Capital Assets	<u>\$ 1,585,945</u>	<u>\$ (194,224)</u>	<u>\$ -</u>	<u>\$ 1,391,721</u>

NOTE D – COMPENSATED ABSENCES

At September 30, 2017, employees of the authority have accumulated and vested \$54,861 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$50,439 is reported in long-term debt.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2017 – Continued

NOTE E – LONG TERM OBLIGATIONS

As of September 30, 2017, long term obligations consisted of compensated absences in the amount of \$50,439. The following is a summary of the changes in the long term obligations for the year ended September 30, 2017.

	Compensated Absences
Balance as of October 1, 2016	\$44,550
Additions	14,122
Deductions	(3,811)
Balance as of September 30, 2017	<u>54,861</u>
Long Term Portion	<u>50,439</u>
Amount due in one year (Short term)	<u>\$4,422</u>

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 7.5 percent of each participant's basic (excludes overtime)

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2017 – Continued

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. 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, 2017, was \$121,952. The authority's contributions were calculated using the base salary amount of \$121,440. The authority made the required contributions of \$9,108 for the year ended September 30, 2017.

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 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 – 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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2017 – Continued

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 J – 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 October 18, 2018 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 K – 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 \$701,688 to the authority, which represents approximately 77% of the authority's total revenue for the year.

Financial Data Schedule

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 09/30/2017

	Project Total	14 871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$489,299	\$7,812	\$497,111		\$497,111
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$41,806	\$41,806		\$41,806
114 Cash - Tenant Security Deposits	\$23,025		\$23,025		\$23,025
115 Cash - Restricted for Payment of Current Liabilities		\$0	\$0		\$0
100 Total Cash	\$512,324	\$49,618	\$561,942	\$0	\$561,942
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$70,387		\$70,387		\$70,387
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$0	\$411	\$411		\$411
126 Accounts Receivable - Tenants	\$325		\$325		\$325
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		\$11,335	\$11,335		\$11,335
128.1 Allowance for Doubtful Accounts - Fraud		-\$11,028	-\$11,028		-\$11,028
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$70,712	\$718	\$71,430	\$0	\$71,430
131 Investments - Unrestricted					
132 Investments - Restricted		\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability		\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$13,792		\$13,792		\$13,792
143 Inventories	\$698		\$698		\$698
143.1 Allowance for Obsolete Inventories	-\$35		-\$35		-\$35
144 Inter Program Due From	\$12,980		\$12,980	-\$12,980	\$0
145 Assets Held for Sale					
150 Total Current Assets	\$610,471	\$50,336	\$660,807	-\$12,980	\$647,827
161 Land	\$120,589		\$120,589		\$120,589
162 Buildings	\$5,439,128		\$5,439,128		\$5,439,128
163 Furniture, Equipment & Machinery - Dwellings	\$52,573		\$52,573		\$52,573
164 Furniture, Equipment & Machinery - Administration	\$205,051	\$2,776	\$207,827		\$207,827
165 Leasehold Improvements	\$729,304		\$729,304		\$729,304
166 Accumulated Depreciation	-\$5,154,924	-\$2,776	-\$5,157,700		-\$5,157,700
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,391,721	\$0	\$1,391,721	\$0	\$1,391,721
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0		\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0		\$0		\$0
173 Grants Receivable - Non Current					
174 Other Assets	\$0		\$0		\$0
176 Investments in Joint Ventures	\$0		\$0		\$0
180 Total Non-Current Assets	\$1,391,721	\$0	\$1,391,721	\$0	\$1,391,721
200 Deferred Outflow of Resources			\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$2,002,192	\$50,336	\$2,052,528	-\$12,980	\$2,039,548

Financial Data Schedule

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 09/30/2017

	Project Total	14 871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$5,438		\$5,438		\$5,438
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$4,122		\$4,122		\$4,122
322 Accrued Compensated Absences - Current Portion	\$3,286	\$1,136	\$4,422		\$4,422
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs	\$0		\$0		\$0
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$13,821		\$13,821		\$13,821
341 Tenant Security Deposits	\$23,025		\$23,025		\$23,025
342 Unearned Revenue	\$0		\$0		\$0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0		\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$926		\$926		\$926
347 Inter Program - Due To		\$12,980	\$12,980	-\$12,980	\$0
348 Loan Liability - Current	\$0		\$0		\$0
310 Total Current Liabilities	\$50,618	\$14,116	\$64,734	-\$12,980	\$51,754
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0		\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$37,649	\$12,790	\$50,439		\$50,439
355 Loan Liability - Non Current	\$0		\$0		\$0
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0		\$0
350 Total Non-Current Liabilities	\$37,649	\$12,790	\$50,439	\$0	\$50,439
300 Total Liabilities	\$88,267	\$26,906	\$115,173	-\$12,980	\$102,193
400 Deferred Inflow of Resources			\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$1,391,721		\$1,391,721		\$1,391,721
511.4 Restricted Net Position		\$41,806	\$41,806		\$41,806
512.4 Unrestricted Net Position	\$522,204	-\$18,376	\$503,828		\$503,828
513 Total Equity - Net Assets / Position	\$1,913,925	\$23,430	\$1,937,355	\$0	\$1,937,355
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,002,192	\$50,336	\$2,052,528	-\$12,980	\$2,039,548

Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$150,774		\$150,774		\$150,774
70400 Tenant Revenue - Other	\$30,312		\$30,312		\$30,312
70500 Total Tenant Revenue	\$181,086	\$0	\$181,086	\$0	\$181,086
70600 HUD PHA Operating Grants	\$302,170	\$399,518	\$701,688		\$701,688
70610 Capital Grants					
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	\$221	\$0	\$221		\$221
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$2,049	\$2,049		\$2,049
71500 Other Revenue	\$11,253	\$18,589	\$29,842		\$29,842
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted		\$35	\$35		\$35
70000 Total Revenue	\$494,730	\$420,191	\$914,921	\$0	\$914,921
91100 Administrative Salaries	\$80,535	\$26,747	\$107,282		\$107,282
91200 Auditing Fees	\$7,663	\$7,663	\$15,326		\$15,326
91300 Management Fee	\$0	\$0	\$0		\$0
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$20		\$20		\$20
91500 Employee Benefit contributions - Administrative	\$27,390	\$6,472	\$33,862		\$33,862
91600 Office Expenses	\$27,591	\$10,712	\$38,303		\$38,303
91700 Legal Expense					
91800 Travel					
91810 Allocated Overhead					
91900 Other	\$12,683	\$115	\$12,798		\$12,798
91000 Total Operating - Administrative	\$155,882	\$51,709	\$207,591	\$0	\$207,591
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$18		\$18		\$18
92500 Total Tenant Services	\$18	\$0	\$18	\$0	\$18

Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
93100 Water	\$202		\$202		\$202
93200 Electricity	\$11,720		\$11,720		\$11,720
93300 Gas	\$1,011		\$1,011		\$1,011
93400 Fuel					
93500 Labor					
93600 Sewer	\$232		\$232		\$232
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$13,165	\$0	\$13,165	\$0	\$13,165
94100 Ordinary Maintenance and Operations - Labor	\$14,670		\$14,670		\$14,670
94200 Ordinary Maintenance and Operations - Materials and Other	\$3,090		\$3,090		\$3,090
94300 Ordinary Maintenance and Operations Contracts	\$66,443		\$66,443		\$66,443
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,081		\$1,081		\$1,081
94000 Total Maintenance	\$85,284	\$0	\$85,284	\$0	\$85,284
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
96110 Property Insurance	\$19,062		\$19,062		\$19,062
96120 Liability Insurance	\$5,771		\$5,771		\$5,771
96130 Workmen's Compensation	\$5,908	\$1,125	\$7,033		\$7,033
96140 All Other Insurance	\$4,606	\$512	\$5,118		\$5,118
96100 Total Insurance Premiums	\$35,347	\$1,637	\$36,984	\$0	\$36,984
96200 Other General Expenses	\$80,165	\$2,722	\$82,887		\$82,887
96210 Compensated Absences	\$2,086	\$8,445	\$10,531		\$10,531
96300 Payments in Lieu of Taxes	\$13,821		\$13,821		\$13,821
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$96,072	\$11,167	\$107,239	\$0	\$107,239
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)	\$0		\$0		\$0
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$385,768	\$64,513	\$450,281	\$0	\$450,281
97000 Excess of Operating Revenue over Operating Expenses	\$108,962	\$355,678	\$464,640	\$0	\$464,640

Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2017

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$314,801	\$314,801		\$314,801
97350 HAP Portability-In		\$16,688	\$16,688		\$16,688
97400 Depreciation Expense	\$194,224		\$194,224		\$194,224
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$579,992	\$396,002	\$975,994	\$0	\$975,994
10010 Operating Transfer In	\$44,423		\$44,423	-\$44,423	\$0
10020 Operating transfer Out	-\$44,423		-\$44,423	\$44,423	\$0
10030 Operating Transfers from/to Primary Government	\$0		\$0		\$0
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$85,262	\$24,189	-\$61,073	\$0	-\$61,073
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,999,187	-\$759	\$1,998,428	\$0	\$1,998,428
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$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		-\$18,376	-\$18,376		-\$18,376
11180 Housing Assistance Payments Equity		\$41,806	\$41,806		\$41,806
11190 Unit Months Available	1110	1020	2130		2130
11210 Number of Unit Months Leased	1084	903	1987		1987
11270 Excess Cash	\$513,251		\$513,251		\$513,251
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$0		\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0		\$0
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

Schedule of Compensation, Benefits and Other Payments to Agency Head

or Chief Executive Officer

For the Year Ended September 30, 2017

Bridgett Tanner, Executive Director

Purpose	Amount
Salary	\$ 70,000
Benefits-insurance	7,120
Benefits-retirement	\$ 5,250

**HOUSING AUTHORITY OF THE
CITY OF GRAMBLING**

Grambling, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended September 30, 2017

Board members serve without compensation

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

Telephone 866-829-0993
Fax 225-665-1225
E-mail danny@highperformer.net

Member of
Louisiana Society of CPA's
American Institute of CPA's

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the Grambling Housing Authority and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Grambling Housing Authority (Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The Authority's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results of procedures performed:

I reviewed the written policy for each of the above listed functions and noted the following exceptions:

Budgeting – the Authority's policy does not address monitoring the budget.

Purchasing - The Authority's policies do not include maintaining a vendor list. I consider this not considered necessary (NCN) to properly manage a small PHA. The authority's policies do not address the use of purchase orders or requisitions for initiating purchases.

Disbursements – management did not provide a policy for disbursements.

Receipts –I suggest the authority modify their written collection procedures relating to rent collections as well as Section 8 Port-In and rent recovery transactions.

Payroll – procedures relating to payroll processing are inadequate and need to be revised to include the review and approval of time and attendance records.

Contracting – The Authority's policies do not address a legal review function of contracts. I consider this requirement NCN for small PHA's.

Debt Service – N/A

Management's response/corrective action plan:

We will revise or adopt written policies/procedures to address the exceptions noted above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results of procedures performed:

- a] **Exception - The board did not meet during the months of August, September, October and November 2017. The current by-laws require monthly meetings.**
- b] **Exception - The minutes did not include monthly budget to actual comparisons of the general fund.**
- c] **Non budgetary information was included.**

Management's response/corrective action plan:

We did not have meetings during these periods because the executive director was ill.

In the future we will make every effort to hold meetings in accordance with our by-laws and to also review current budget to actual financial statements.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management represents that the list is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note:*

School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results of procedures performed:

- a] Monthly bank reconciliations were prepared by the independent fee accountant.**
- b] Management reviewed each bank reconciliation.**
- c] Exception – the bank reconciliations for September 2017 included 11 checks on the Low Rent reconciliation and 7 checks on the S8 reconciliation that were older than 6 months. There was no documentation that these checks were researched.**

Management's response/corrective action plan:

We will begin researching all outstanding checks over 6 months old.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management represents that the list is complete.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the

entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results of procedures performed:

a1] Management asserted that all employees are bonded.

a(2), a(3)] Exception - The written policy/procedures provided to me for Public Housing rent collection, Section 8 portability collections and tenant repayment agreement collections do not address segregation of duties nor the process relating to collecting, depositing and reconciling collections.

Note that there are compensated controls performed by a fee accountant on collection functions.

b] No exceptions noted with this testing

c] All deposits tested were made within one day of collection.

Management's response/corrective action plan:

We will revise the policies and procedures for all collection activities.

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results of procedures performed:

The authority has a process to determine completeness for all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections. I suggest that policies be modified to include that staff determine completeness for all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

Management's response/corrective action plan:

We will modify our policies per the auditor's suggestion.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management represents that the list is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results of procedures performed:

a, b] Exception – The PHA does not use purchase orders or requisitions. I consider this not considered necessary (NCN) for this small PHA.

c] Exception – the 25 transactions we tested included invoices, but the invoices had no evidence of review or approval. I suggest the authority adopt procedures requiring that the executive director or other staff approve all invoices prior to payment. I also suggest that the authority adopt procedures requiring a receiving report or equivalent, where applicable.

Management's response/corrective action plan:

We will adopt procedures to address the issue above

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results of procedures performed:

There was no documentation in writing that the person responsible for processing payments is prohibited from adding vendors to the authority's purchasing system, although the Executive Director reviews all vendors. I consider the process in place to be adequate for this small PHA.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results of procedures performed:

One of the persons with signatory authority (2 signatures required) has no responsibility for initiating purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results of procedures performed:

Unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority,

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results of procedures performed:

Signature stamps are not used.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons

who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results of procedures performed:

Management represents that the list is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results of procedures performed:

a] Exception – We tested one credit card statement. There was no evidence that the monthly statement and supporting documentation that I tested were reviewed and approved, in writing, by someone other than the authorized card holder. The supporting documentation was not included with the statement that the check signers reviewed prior to signing the check.

An observance of later transactions in addition to the required testing, we note that payments of credit card statements made via checking account ACH transactions should require the same review of invoices as payments made when paying with a check.

b] there were no finance or late charges noted

Management's response/corrective action plan:

We will adopt procedures to address the issues above

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results of procedures performed:

We performed the above listed procedures and noted no exceptions.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results of procedures performed:

Management asserts that there were no travel and related expense reimbursements.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results of procedures performed:

PHA policies are within the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of procedures performed:

There were no travel and related expense reimbursements.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results of procedures performed:

There was one applicable contract.

Management represents that the list is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results of procedures performed:

- a] there is a formal/written contract that supports the services arrangement and the amount paid for the contract I tested.
- b] The contract I tested is not subject to Louisiana Public Bid Law or Procurement Code.
- c] the contract was not amended.
- d] I selected the largest payment from the contract, obtained the supporting invoice, compared the invoice to the contract terms, and confirmed that the invoice and related payment complied with the terms and conditions of the contract.
- e] The board approved the contract tested.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results of procedures performed:

Management provided me a list of employees and represents that the list is complete.

a] Exception - 2 of the 5 employees I tested received compensation that was lower than the board approved budgeted amounts. One employee was paid 11% below the budgeted amount and the other was paid 2% below the budgeted amount. Personnel files need to be updated to include current salary rates.

b] There were no changes to salaries during the period.

Management's response/corrective action plan:

We will research these differences and correct the issue. We will also update our personnel files.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results of procedures performed:

a] The selected employees documented their daily attendance and leave.

b] There is written documentation that a supervisor approved the attendance and leave of the selected employees/officials.

c] There is written documentation that the entity maintained written leave records on those selected employees that earned leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results of procedures performed:

Management asserts that there were no terminations during the period.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results of procedures performed:

No exceptions were noted in the above test.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results of procedures performed:

Exception – management did not provide documentation that the required ethics training was completed.

Management’s response/corrective action plan:

We will have all employees complete the required ethics training annually.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results of procedures performed:

Management represents that no alleged ethics violations were reported to them during the period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results of procedures performed:

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results of procedures performed:

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results of procedures performed:

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results of procedures performed:

Management represents that they are not aware of any misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of procedures performed:

The notice is properly posted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results of procedures performed:

No exceptions noted

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation
Mandeville, Louisiana

October 18, 2018

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

Telephone 866-829-0993
Fax 225-665-1225
E-mail danny@highperformer.net

Member of
Louisiana Society of CPA's
American Institute of CPA's

**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 Grambling
Grambling, 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 Grambling, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated October 18, 2018.

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.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, I identified certain deficiencies in internal control that I consider to be material weaknesses.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
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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. I consider the deficiencies described in the accompanying schedule of findings to be material weaknesses. See Finding 2017-001.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Finding 2017-001.

The Authority's Response to Finding

The Authority's response to the finding identified in my audit is described in the accompanying schedule of findings. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

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

October 18, 2018

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Findings
Fiscal Year Ended September 30, 2017

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? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? X yes no

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

FINDING 2017-001 WEAK INTERNAL CONTROLS

Program: Entity Wide

Condition:

- a) This 9/30/2017 audit is being published in March 2019 and therefore it is late per Federal and State law.
- b) Management/Board of Commissioners did not review timely monthly financial statements, included monitoring the budget vs. actual.
- c) Incorrect coding of expenditures. When testing 40 transactions, we noted 9 transactions that were not coded to the proper account. We also noted one transaction whereas a credit card statement was paid off without the detailed supporting receipts being reviewed prior to signing the check.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Findings (continued)
Fiscal Year Ended September 30, 2017

- d) Improper loan of funds between programs. At fiscal year end the HCV program owed the Low Rent program \$12,790. The amount of unrestricted net position recorded by the HCV program as of fiscal year end was (\$18,376). Therefore, the HCV program does not have sufficient resources to fully pay off the amount due to the Low Rent program. The authority only made one payment from HCV to Low Rent during the fiscal year in order to reduce the balance owed.

Criteria:

- a) In accordance with Louisiana State Law RS 24:513A (5) (a) (i), the authority is required to complete and submit each annual audit within 6 months after fiscal year end. In accordance with the Single Audit Act and 2 CFR part 200 the authority is required to complete and submit the audited financial statements within 9 months of fiscal year end.
- b) Proper internal controls include management's periodic reviews of current financials including monitoring budget vs. actual.
- c) All expenditures should be properly coded to the correct expense account. All check signers should review and approve all supporting documentation prior to signing checks.
- d) Federal Regulations prohibit Federally funded programs from loaning monies to any other programs. Any advances of funds from one program to another in a pooled account should be repaid on a timely basis.

Cause:

- a) Required documents were not made available to the fee accountant and the auditor in time to complete the audit timely.
- b) Timely financial statements were not available for management's review.
- c) The cause is unclear
- d) The HCV program continues to operate with losses.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Schedule of Findings (continued)
Fiscal Year Ended September 30, 2017

Effect:

- a) This audit was late and therefore not in compliance with Federal and State Law.
- b) Without current financial statement review, management cannot perform proper internal controls functions.
- c) Expenditures are not coded to the correct account.
- d) The authority violated the HUD ACC and HUD regulations.

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, 2017

There were no findings in the prior audit.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Corrective Action Plan for Current Year Findings
For Fiscal Year Ended September 30, 2017

FINDINGS—FINANCIAL STATEMENTS AUDIT

2017-001

Action Planned

- a) We take complete responsibility for the late audit. The executive director's health has improved and we are catching up on our responsibilities.
- b) We are working hard to catch up the financial statements so they will be produced timely and then review them and make decisions based on timely information.
- c) We will ensure that all future disbursements are properly reviewed and documented before we sign the check.
- d) As soon as the financial statements are brought current the Executive Director will cause the HCV Program to pay Low Rent any interprogram payable. If the HCV Program does not have sufficient funds to do this the ED will notify the Board each quarter about the amount due and the amount paid.

**HOUSING AUTHORITY OF THE
CITY OF GRAMBLING**

Grambling, Louisiana
Status or Prior Year Management Letter Items

For Fiscal Year Ended September 30, 2017

ML Comment 2016-1

Interprogram loans – this is repeated as Finding 2017-001