

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

**Annual Financial Report
As of and for the Year Ended September 30, 2009**

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

Release Date 5/19/10

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Basic Financial Statements

As of and for the Year Ended September 30, 2009

With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic financial statements of the Housing Authority of the City of Grambling (the authority) as of and for the year ended September 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Grambling as of September 30, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Independent Auditor's Report, 2009
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In accordance with *Government Auditing Standards*, I have also issued my report dated January 26, 2010 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

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

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

January 26, 2010

HOUSING AUTHORITY OF GRAMBLING, LA
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
SEPTEMBER 30, 2009

The management of Public Housing Authority of Grambling, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2009. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$2,708,991 at the close of the fiscal year ended 2009.
 - ✓ Of this amount \$1,903,656 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ Also of this amount, \$197,889 of net assets are restricted for the Housing Choice Voucher program
 - ✓ The remainder of \$607,446 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 73% of the total operating expenses of \$830,848 for the fiscal year 2009, which means the Authority might be able to operate about 8 months using the unrestricted assets alone, which is consistent with the prior fiscal year.
- The Housing Authority's total net assets decreased by \$70,168, a 3% change from the prior fiscal year 2008.
- The decrease in net assets of these funds was accompanied by an increase in unrestricted cash by \$88,727 from fiscal year 2008, primarily due to spending \$131,187 less for operations than Federal funds received for operations and spending \$43,189 more for capital assets than Federal capital grants received.
- The Authority spent \$58,653 on capital asset additions during the current fiscal year.
- These changes led to a decrease in total assets by \$74,779 and a decrease in total liabilities by \$4,610. As related measure of financial health, there are still over \$15.17 of current assets covering each dollar of total current and long-term liabilities, which compares less favorably with \$12.82 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 2009?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

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

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

USING THIS ANNUAL REPORT

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

- Low Rent Public Housing
- Housing Choice Vouchers
- Public Housing Capital Fund Program

Housing Authority of Grambling, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2009

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

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$2,708,991 as of September 30, 2009. Of this amount, \$1,903,656 was invested in capital assets, and the remaining \$607,446 was unrestricted. There was \$197,889 in specific assets restricted for Housing Choice Voucher program.

CONDENSED FINANCIAL STATEMENTS

**Condensed Balance Sheet
 (Excluding Interfund Transfers)
 As of September 30, 2009**

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets	\$ 650,318	\$ 608,589
Assets restricted for Housing Choice Voucher program.	197,889	174,932
Capital assets, net of depreciation	1,903,656	2,043,121
Total assets	<u>2,751,863</u>	<u>2,826,642</u>
LIABILITIES		
Current liabilities	36,307	41,545
Non-current liabilities	6,565	5,938
Total liabilities	<u>42,872</u>	<u>47,483</u>
NET ASSETS		
Invested in capital assets, net of depreciation	1,903,656	2,043,121
Net assets restricted for the Housing Choice Voucher program	197,889	174,931
Unrestricted net assets	607,446	561,107
Total net assets	<u>2,708,991</u>	<u>2,779,159</u>
Total liabilities and net assets	<u>2,751,863</u>	<u>2,826,642</u>

Housing Authority of Grambling, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2009

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds decreased by \$70,168, or by 3%, from those of fiscal year 2008, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets
 (Excluding Interfund Transfers)
 Fiscal Year Ended September 30, 2009**

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Tenant rental revenue	\$ 96,039	\$ 99,150
Federal grants for operations	624,663	631,137
Other tenant revenue	666	-
	721,368	730,287
OPERATING EXPENSES		
Federal Housing Assistance Payments (HAP) to landlords	320,652	328,999
Administration	151,912	161,509
Maintenance and repairs	103,576	77,552
Depreciation	183,118	184,223
General	59,339	63,223
Utilities	11,060	14,443
Tenant services	1,190	711
Extraordinary repairs	-	2,350
	830,847	833,010
(Losses) from operations	(109,480)	(102,723)
NON-OPERATING REVENUES		
Other non-tenant revenue	38,148	7,455
Interest income	1,163	4,151
	39,311	11,606
(Losses) after non-operating revenues	(70,168)	(91,117)
OTHER CHANGES IN NET ASSETS		
Federal grants for capital expenditures	-	214,108
	-	214,108
NET INCREASE (DECREASE) IN NET ASSETS	(70,168)	122,991
NET ASSETS, beginning of fiscal year	2,779,159	2,656,168
NET ASSETS, end of fiscal year	2,708,991	2,779,159

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$195,322, or by 20%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Federal Capital Funds from HUD decreased by \$214,108 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 2005 through 2009, and submitted a new grant during fiscal year 2010.
- Total other non-operating revenue increased by \$30,694 from that of the prior fiscal year their revenue increased by \$30,694, because the Authority received proceeds from casualty insurance claims, which are recorded as other income by the Authority in the year received. Also, restricted investment and interest income decreased by \$1,686.
- Federal revenues from HUD for operations decreased by \$6,474, or by 1% from that of the prior fiscal year.
- Interest income decreased by \$2,988, or by 53% from that of the prior fiscal year.
- Total tenant revenue decreased by \$2,861 or by 3% because the amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes decreased, so rent revenue from these tenants decreased accordingly, lowering the overall total. Finally, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) increased by \$250.
- Non-operating revenues totaling \$38,565 did not change significantly from the prior to the current year.

Compared with the prior fiscal year, total operating and non-operating expenses decreased \$2,163, or by 0%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Maintenance and repairs increased by \$26,024, or by 66% from that of the prior fiscal year, due to several major factors: Repair staff wages increased by \$40,736, and related employee benefit contributions increased by \$7,912. Also, materials used increased by \$379, or by 2%, whereas contract labor costs decreased by \$23,003, or by 43%. In addition, Extraordinary maintenance decreased by \$2,350.
- Housing Assistance Payments to landlords decreased by \$8,347, or by 3% from that of the prior fiscal year, because there was a decrease in the number of tenants qualifying for subsidy during the year. Consequently, revenues from HUD for these subsidies decreased by \$43,863.
- Administrative Expenses decreased by \$9,597, or by 6% from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries decreased by \$8,429, or by 10% and related employee benefit contributions decreased by \$2,795, or by 14%.
- General Expenses decreased by \$3,884, or by 6% from that of the prior fiscal year.

Housing Authority of Grambling, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2009

- Utilities Expense decreased by \$3,383, or by 23% from that of the prior fiscal year, because water cost decreased by \$9, and electricity cost decreased by \$3,701 but gas cost increased by \$305. Finally, other utilities expense (such as garbage, sewage, and waste removal) increased by \$22.
- Depreciation expense decreased by \$1,105 from that of the prior fiscal year.
- Relocation costs decreased by \$544 and other tenant services increased by \$1,023.
- Tenant services, Administrative expenses, and Utilities, totaling \$164,163, did not change significantly from the prior to the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2009, the Housing Authority had a total cost of \$5,331,527 invested in a broad range of assets and construction in progress from projects funded in 2005 through 2009, listed below. This amount, not including depreciation, represents increases of \$58,653 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation
 As of September 30, 2009**

	<u>2009</u>	<u>2008</u>
Land	\$ 120,589	\$ 120,589
Construction in progress	108,975	123,975
Buildings	1,621,761	1,753,788
Leasehold improvements	28,965	14,573
Furniture and equipment	23,366	30,196
	<u>1,903,656</u>	<u>2,043,121</u>
Total		

As of the end of the 2009 fiscal year, the Authority is still in the process of completing HUD grants of \$889,322 obtained during 2005 through 2009 fiscal years. A total remainder of \$697,414 will be received and \$611,845 will be spent for completing these projects during fiscal year 2010.

Debt

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2010 fiscal year have already been submitted to HUD for approval and no major changes are expected.

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

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Bridgett Tanner, at Public Housing Authority of Grambling, Louisiana; P.O. Box 626; Grambling, LA 71245.

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Assets
As of September 30, 2009

ASSETS**Current assets**

Cash and cash equivalents	533,412
Receivables:	
HUD	85,568
Tenant rents, net of allowance	1,451
Miscellaneous, net of allowance	7,433
Prepaid insurance	20,793
Inventory, net of allowance	299
Restricted assets - cash and cash equivalents	<u>206,684</u>
Total current assets	<u>855,640</u>

Noncurrent assets**Capital assets:**

Nondepreciable capital assets:

Land	120,589
Construction in progress	<u>108,975</u>
Total nondepreciable capital assets	<u>229,564</u>

Depreciable capital assets:

Buildings and improvements	5,024,552
Furniture and equipment	186,386
Less accumulated depreciation	<u>(3,536,845)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>1,674,093</u>

Total capital assets, net of accumulated depreciation	<u>1,903,657</u>
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Total assets	<u>2,759,297</u>
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(continued)

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Assets
As of September 30, 2009

LIABILITIES**Current Liabilities**

Accounts payable	427
Payable to other governments	8,523
Accrued wages payable	818
Accrued compensated absences	3,608
Deferred revenue	20,049
Security deposit liability	16,350

Total current liabilities	49,775
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Noncurrent liabilities

Accrued compensated absences	6,565
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Total noncurrent liabilities	6,565
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Total liabilities	56,340
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NET ASSETS

Invested in capital assets, net of related debt	1,903,657
Restricted	190,334
Unrestricted	608,966

Total net assets	\$ 2,702,957
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The accompanying notes are an integral part of these financial statements.

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Revenues, Expenses, and Changes In Net Assets
For the Year Ended September 30, 2009

Operating Revenues	
HUD Operating Grants	\$ 624,663
Dwelling Rental	96,039
Other Operating	<u>666</u>
Total operating revenues	<u>721,368</u>
Operating Expenses	
Housing Assistance Payments	320,652
General and administrative	211,250
Repairs and maintenance	103,577
Utilities	11,060
Tenant services	1,190
Depreciation and amortization	<u>183,119</u>
Total operating expenses	<u>830,848</u>
Operating income (loss)	(109,480)
Nonoperating Revenues (Expenses):	
Interest revenue	1,163
Miscellaneous revenues	38,148
Total nonoperating revenues (expenses)	<u>39,311</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(70,169)
Capital contributions (grants)	-
Increase (decrease) in net assets	(70,169)
Net assets, beginning of year	<u>2,773,126</u>
Net assets, end of year	<u><u>\$ 2,702,957</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, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 636,826
Receipts from tenants	102,574
Payments to landlords	(320,652)
Payments to suppliers	(209,495)
Payments to employees	<u>(114,907)</u>
Net cash provided by operating activities	<u>94,346</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	<u>38,148</u>
Net cash provided by noncapital financing activities	<u>38,148</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase and construction of capital assets	<u>(43,654)</u>
Net cash (used in) capital and related financing activities	<u>(43,654)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,163</u>
Net cash provided by investing activities	<u>1,163</u>
Net increase (decrease) in cash and cash equivalents	<u>90,003</u>
Cash and cash equivalents - beginning of year	<u>650,093</u>
Cash and Cash equivalents - unrestricted	533,412
Cash and Cash equivalents - restricted	206,684
Total Cash and Cash Equivalents - end of year	<u>\$ 740,096</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (109,480)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	183,119
Changes in assets and liabilities:	
HUD receivable	12,163
Tenant rents, net of allowance	(965)
Miscellaneous receivables	6,034
Prepaid insurance	721
Accounts payable	(2,738)
Accrued wages payable	(1,690)
PILOT Payable	52
Accrued compensated absences	2,835
Other liability	3,495
Security deposit liability	<u>800</u>
Net cash provided by operating activities	<u>\$ 94,346</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, 2009

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

(1) Reporting Entity

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

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

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2009 – 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, 2009 – 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 assets. The authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

(4) Assets, liabilities, and net assets

(a) Deposits

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

(b) Inventory and prepaid items

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

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

(c) Restricted Assets

Cash equal to the amount of tenant security deposits for the Low Rent Program and Housing Assistance Payment reserves for the Housing Choice Voucher Program are reflected as restricted.

(d) Capital assets

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2009 – Continued

Depreciation of all exhaustible fixed assets is charged as an expense against operations.

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

Buildings	33 years
Modernization and improvements	17 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, 2009, the management of the authority established an allowance for doubtful accounts of approximately \$842.

(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. 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 assets

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2009 – 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 assets are available.

(i) Use of estimates

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

NOTE B – DEPOSITS

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

As of September 30, 2009, the authority's carrying amount of deposits was \$740,096, which includes the following:

Cash and cash equivalents-unrestricted	\$533,412
Cash and cash equivalents- restricted	206,684
Total	\$740,096

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2009 – Continued

policy for custodial credit risk. \$252,671 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk.

As of September 30, 2009, all of the authority's deposits were not exposed to Custodial Credit Risk except for the amount of \$490,310, which was uninsured and uncollateralized. This is further described in finding F-2009-1.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2009 was as follows:

	<u>9 30 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>9 30 2009</u>
Nondepreciable Assets:					
Land	120,589				120,589
Construction in Progress	123,975	-	-	(15,000)	108,975
Depreciable Assets:					
Building and improvements	4,974,308	35,244	-	15,000	5,024,552
Furniture and equipment	<u>182,815</u>	<u>8,410</u>	<u>4,838</u>	<u>-</u>	<u>186,387</u>
Total	<u>5,401,687</u>	<u>43,654</u>	<u>4,838</u>	<u>-</u>	<u>5,440,503</u>
Less accumulated depreciation					
Building and improvements	3,205,609	153,754	-	-	3,359,363
Furniture and equipment	<u>152,956</u>	<u>29,365</u>	<u>4,838</u>	<u>-</u>	<u>177,483</u>
Total accumulated depreciation	<u>3,358,565</u>	<u>183,119</u>	<u>4,838</u>	<u>-</u>	<u>3,536,846</u>
Net Capital Assets	<u>2,043,122</u>	<u>(139,465)</u>	<u>-</u>	<u>-</u>	<u>1,903,657</u>

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2009 – Continued

NOTE D – CONSTRUCTION COMMITMENTS

The authority has active construction projects as of September 30, 2009. At year end, the commitments with contractors are as follows:

<u>Projects</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
CFP 2007	\$15,400	\$116,600
CFP 2008		127,000
CFP 2009		127,000
CFP ARRA 2009		157,000
Total	<u>\$15,400</u>	<u>\$527,600</u>

NOTE E – COMPENSATED ABSENCES

At September 30, 2009, employees of the authority have accumulated and vested \$10,173 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$6,565 is reported in long-term debt.

NOTE F - RETIREMENT PLAN

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

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 7.5 percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute 5.5 percent of their annual covered salary.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Notes to the Financial Statements, 2009 – Continued

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority.

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

The authority's total payroll for the year ended September 30, 2009, was \$114,907. The authority's contributions were calculated using the base salary amount of \$83,388. The authority made the required contributions of \$6,254 for the year ended September 30, 2009.

NOTE G – 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 H – 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, 2009 – Continued

result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE 1 – ECONOMIC DEPENDENCE

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$624,663 to the authority, which represents approximately 82% of the authority's total revenue for the year.

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

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

I have audited the financial statements of the Housing Authority of the City of Grambling (the authority), as of and for the year ended September 30, 2009 and have issued my report thereon dated January 26, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Internal Control...*Government
Auditing Standards, 2009*
Page Two

deficiency, or combination of control deficiencies, that adversely affects the authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control. I consider the deficiency described in the accompanying schedule of findings and questioned costs as item F 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the authority's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiency described above, I consider item F-2009-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item F 2009-1.

I noted a certain matter that I reported to management of the authority in a separate letter dated January 26, 2010.

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Report on Internal Control...*Government*

Auditing Standards, 2009

Page Three

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

William Daniel McCaskill

William Daniel McCaskill, CPA .
A Professional Accounting Corporation

January 26, 2010

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

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

Compliance

I have audited the compliance of the Housing Authority of the City of Grambling (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Report on Compliance...A-133, 2009

Page Two

As described in item F-2009-1 in the accompanying schedule of findings and questioned costs, the authority did not comply with requirements regarding cash management that is applicable to its Public and Indian Housing program. Compliance with such requirements is necessary, in my opinion, for the authority to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, the authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified a certain deficiency in internal control over compliance that I consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item F-2009-1 to be a significant deficiency.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Compliance...A-133, 2009
Page Three

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, I consider item F-2009-1 to be a material weakness.

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

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

January 26, 2010

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs
Fiscal Year Ended September 30, 2009

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the authority.
2. There was one significant deficiency required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States of America. The deficiency is considered to be a material weakness.
3. There were instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statements.
4. There was one significant deficiency required to be disclosed by OMB A-133. The deficiency is considered to be a material weakness.
5. The auditor's report on compliance for the major federal award programs for the authority expresses a qualified opinion on all major federal programs.
6. The audit disclosed one audit finding which the auditor is required to report under OMB A-133, Section 510(a).
7. The programs tested as major programs included:
 1. 14.850 Public and Indian Housing – Low Rent Program

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2009

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

9. The authority qualified as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

FINDING 2009-1

See Findings and Questioned Costs – Major Federal Awards Programs Audit

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

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

FINDING 2009-1

Program: Department of Housing and Urban Development, CFDA 14.850 Public and Indian Housing, Award year 2009.

Condition: At September 30, 2009, the agency had \$740,310 on deposit with one bank. Of this amount, \$490,310 was not secured by FDIC and/or the pledge of federal securities.

Criteria: HUD regulations (PIH notice 96-33, subsequently renewed) require that the authority ensure that all cash deposits with financial institutions be secured by FDIC and/or federal pledged securities.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2009

Cause: A bank error caused the problem. Inadequate operation (not design) of PHA internal controls allowed the problem to remain undetected by PHA staff.

Effect: The PHA violated Federal regulation, State Law, and PHA Policies concerning cash management.

Questioned Costs: None

Perspective Information: The total deposits at all banks in the name of the PHA as of September 30, 2009 was \$742,981.

Recommendation: Management should spend more time completing the designed internal controls regarding cash management and document on a monthly basis that bank pledged securities are adequate to comply with PHA Policies, which encompass Federal regulation and State Law.

PHA Response: See Corrective Action Plan

Schedule 2

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Prior Year Audit Findings
Fiscal Year Ended September 30, 2009

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, 2009

FINDINGS—FINANCIAL STATEMENTS AUDIT and FEDERAL AWARDS PROGRAM

2009-1

Action Planned: We agree with the finding as well as the auditor's recommendation. During January 2010, the authority contacted the bank, notified the bank of the problem, and confirmed that appropriate collateral was then pledged to cover the bank deposits and satisfy PHA policy, Federal regulation, and State Law. The Executive Director will monitor this on a monthly basis to ensure it does not occur again.

Person Responsible: Bridgett Tanner, Executive Director

Anticipated Completion Date: Ongoing

Schedule 4

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Compensation Paid to Board Members

Fiscal Year Ended September 30, 2009

Board members serve without compensation

SCHEDULE 5

Housing Authority of the City of Grambling
 Grambling, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2009

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:		
Direct Programs:		
Low Rent Public Housing *	14.850a	\$ 213,894
Housing Choice Voucher Program	14.871	386,456
Public Housing Capital Fund Program	14.872	24,313
Total Federal Expenditures		<u>\$ 624,663</u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2009

NOTE A – General

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

NOTE B – Basis of accounting

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

NOTE C – Relationship to Basic Financial Statements

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

Public and Indian Housing—Low Rent Program	213,894
Housing Choice Voucher Program	386,456
Capital Fund Program	24,313

NOTE D – Relationship to Federal Financial Reports

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

NOTE E- FEDERAL AWARDS

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

Housing Authority of the City of Grambling
 Schedule 6 Financial Data Schedule

Entity Wide Balance Sheet Summary

LA097 09/30/2009 Audited/A-133

	Project Total	14,871	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	521874	11538		533412		533412
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted		190334		190334		190334
114 Cash - Tenant Security Deposits	16350			16350		16350
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	538224	201872		740096	0	740096
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	85568			85568		85568
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous		7433		7433		7433
126 Accounts Receivable - Tenants	2293			2293		2293
126.1 Allowance for Doubtful Accounts - Tenants	-842			-842		-842
126.2 Allowance for Doubtful Accounts - Other	0	0		0		0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	87019	7433		94452	0	94452
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	19760	1033		20793		20793
143 Inventories	289			289		289
143.1 Allowance for Obsolete Inventories	0			0		0
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	673154	210338		883492	-27852	855640

Housing Authority of the City of Grambling
 Schedule 6 Financial Data Schedule

161 Land		120589			120589		120589
162 Buildings		4354676			4354676		4354676
163 Furniture, Equipment & Machinery - Dwellings		55216			55216		55216
164 Furniture, Equipment & Machinery - Administration		131170			131170		131170
165 Leasehold Improvements		669876			669876		669876
166 Accumulated Depreciation		-3536845			-3536845		-3536845
167 Construction in Progress		108975			108975		108975
168 Infrastructure							
169 Total Capital Assets, Net of Accumulated Depreciation		1903657	0		1903657	0	1903657
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due							
173 Grants Receivable - Non-Current							
174 Other Assets							
175 Investments in Joint Ventures							
180 Total Non-Current Assets		1903657	0		1903657	0	1903657
190 Total Assets		2576611	210338		2787149	-27852	2759297

**Housing Authority of the City of Grambling
Schedule 6 Financial Data Schedule**

311 Bank Overdraft										
312 Accounts Payable <= 90 Days		427				427				427
313 Accounts Payable >90 Days Past Due										
321 Accrued Wages/Payroll Taxes Payable		818				818				818
322 Accrued Compensated Absences - Current Portion		2488	1120			3608				3608
324 Accrued Contingency Liability										
325 Accrued Interest Payable										
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government		8523				8523				8523
341 Tenant Security Deposits		16350				16350				16350
342 Deferred Revenues		20049				20049				20049
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds										
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities			27852			27852				27852
346 Accrued Liabilities - Other										
347 Inter Program - Due To										0
348 Loan Liability - Current										
310 Total Current Liabilities		48655	28972			77627				49775
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue										
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other										
354 Accrued Compensated Absences - Non Current		4399	2166			6565				6565
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities										
350 Total Non-Current Liabilities		4399	2166			6565		0		6565
300 Total Liabilities		53054	31138			84192		-27852		56340

**Housing Authority of the City of Grambling
Schedule 6 Financial Data Schedule**

508.1 Invested in Capital Assets, Net of Related Debt	1903657				1903657	1903657
509.2 Fund Balance Reserved						
511.2 Unreserved, Designated Fund Balance						
511.1 Restricted Net Assets	190334				190334	190334
512.1 Unrestricted Net Assets	620100		-11134		608966	608966
512.2 Unreserved, Undesignated Fund Balance						
513 Total Equity/Net Assets	2523757	179200			2702957	2702957
600 Total Liabilities and Equity/Net Assets	2576811	210338			2787149	-27852
						2759297

Housing Authority of the City of Grambling
 Schedule 6 Financial Data Schedule

Entity Wide Revenue and Expense Summary

LA097 09/30/2009 Audited/A-133

	Project Total	14,871	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	96039			96039		96039
70400 Tenant Revenue - Other	250			250		250
70500 Total Tenant Revenue	96289	0		96289	0	96289
70600 HUD PHA Operating Grants	238207	386456		624663		624663
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	0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	729	434		1163		1163
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery		416		416		416
71500 Other Revenue	35422	2726		38148		38148
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	370647	390032		760679	0	760679

Housing Authority of the City of Grambling
 Schedule 6 Financial Data Schedule

91100 Administrative Salaries	46483	27688	74171	74171	74171
91200 Auditing Fees	9015	4050	13065	13065	13065
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	285		285	285	285
91500 Employee Benefit Contributions - Administrative	11985	4867	16852	16852	16852
91600 Office Expenses	16846	4825	21671	21671	21671
91700 Legal Expense					
91800 Travel	13220	1469	14689	14689	14689
91810 Allocated Overhead					
91900 Other	6548	4630	11179	11179	11179
91000 Total Operating - Administrative	104383	47529	151912	151912	151912
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	1190		1190	1190	1190
92500 Total Tenant Services	1190	0	1190	1190	1190
93100 Water	113		113	113	113
93200 Electricity	8794		8794	8794	8794
93300 Gas	1998		1998	1998	1998
93400 Fuel					
93500 Labor					
93600 Sewer	155		155	155	155
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	11060	0	11060	11060	11060

Housing Authority of the City of Grambling
 Schedule 6 Financial Data Schedule

94100 Ordinary Maintenance and Operations - Labor	40736	40736		40736		40736
94200 Ordinary Maintenance and Operations - Materials and Other	24372	24372		24372		24372
94300 Ordinary Maintenance and Operations Contracts	30556	30556		30556		30556
94500 Employee Benefit Contributions - Ordinary Maintenance	7913	7913		7913		7913
94000 Total Maintenance	103577	103577	0	103577	0	103577
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	0	0	0	0	0	0
96110 Property Insurance	19693	19693		19693		19693
96120 Liability Insurance	8977	8977	997	9874		9874
96130 Workmen's Compensation	1347	1347	380	1727		1727
96140 All Other Insurance	5248	5248	595	5843		5843
96100 Total Insurance Premiums	35265	35265	1972	37237	0	37237
96200 Other General Expenses	1311	1311	3040	4351		4351
96210 Compensated Absences	5737	5737	3443	9180		9180
96300 Payments in Lieu of Taxes	8523	8523		8523		8523
96400 Bad debt - Tenant Rents	47	47		47		47
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	15618	15618	6483	22101	0	22101
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	0	0	0	0	0	0
96900 Total Operating Expenses	271093	271093	55984	327077	0	327077

Housing Authority of the City of Gambling
 Schedule 6 Financial Data Schedule

97000	Excess of Operating Revenue over Operating Expenses	99554	334048	433602	0	433602
97100	Extraordinary Maintenance					
97200	Casualty Losses - Non-capitalized					
97300	Housing Assistance Payments		320652	320652		320652
97350	HAP Portability In					
97400	Depreciation Expense	183119		183119		183119
97500	Fraud Losses					
97600	Capital Outlays - Governmental Funds					
97700	Debt Principal Payment - Governmental Funds					
97800	Dwelling Units Rent Expense					
98000	Total Expenses	454212	376636	830848	0	830848
10010	Operating Transfer In	14263		14263		14263
10020	Operating transfer Out	-14263		-14263		-14263
10030	Operating Transfers from/to Primary Government					
10040	Operating Transfers from/to Component Unit					
10050	Proceeds from Notes, Loans and Bonds					
10060	Proceeds from Property Sales					
10070	Extraordinary Items, Net Gain/Loss					
10080	Special Items (Net Gain/Loss)					
10091	Inter Project Excess Cash Transfer In					
10092	Inter Project Excess Cash Transfer Out					
10093	Transfers between Program and Project - In					
10094	Transfers between Project and Program - Out					
10100	Total Other financing Sources (Uses)	0	0	0	0	0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-83565	13396	-70169	0	-70169

Housing Authority of the City of Grambling
Schedule 6 Financial Data Schedule

11020	Required Annual Debt Principal Payments								
11030	Beginning Equity		2607322	165804	2773126				2773126
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors			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			-11134	-11134				-11134
11180	Housing Assistance Payments Equity			190334	190334				190334
11190	Unit Months Available		1065	1800	2865				2865
11210	Number of Unit Months Leased		864	1072	1936				1936
11270	Excess Cash		585233		585233				585233
11810	Land Purchases		0		0				0
11820	Building Purchases		31865		31865				31865
11830	Furniture & Equipment - Dwelling Purchases		0		0				0
11840	Furniture & Equipment - Administrative Purchases		8410		8410				8410
11650	Leasehold Improvements Purchases		3379		3379				3379
11660	Infrastructure Purchases		0		0				0
13510	CFPP Debt Service Payments		0		0				0
13901	Replacement Housing Factor Funds		0		0				0

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Status of Prior Year management Letter Items
For the Year Ended September 30, 2009

ML – 2008-1

Audit report published subsequent to state law due date

This is not repeated

ML – 2008-2

Inter Program amounts owed between programs

This is repeated as ML-2009-1

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Management Letter

Board of Commissioners
Grambling Housing Authority
Grambling, Louisiana

In planning and performing my audit of the financial statements of the Housing Authority of the City of Grambling for the year ended September 30, 2009, I considered the Authority's internal control to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

However, during my audit, I noted certain matters involving internal control that is presented for your consideration. This letter does not affect my report dated January 26, 2010, on the financial statements of the authority. Management's response has also been included.

Comment – ML 2009-01

This is a repeat comment.

For a number of years prior audit reports included findings and management letter comments concerning inter program accounts owed from the Section 8 Programs to the Public Housing Program as well as insufficient Section 8 cash on hand. Prior audit reports identified 1) regulatory prohibitions of one Federal Program advancing monies to another Federal program, 2) the possible inability of the Section 8 programs to repay the monies loaned to other Federal programs and, 3) the possible inability of the Section 8 programs to fully fund the HAP Equity and the Administrative Fee Equity.

The agency Corrective Action Plan as of 9-30-2008 included the Section 8 (S8) programs paying all inter program monies due to Public Housing (PIH) during the 9-30-2009 FY and being in full compliance with HUD Regulations identified above by 9-30-2009. I observe that, although the S8 programs paid PIH substantial amounts during the 2009 FY, as of FYE the inter program and other S8 related problems still exists as of 9-30-2009, as follows:

HCV and PIH record an inter program from HCV to PIH in the amount of \$27,852, in violation of the HUD prohibition of any Federal program loaning monies to another Federal program.

The HCV program reports the following account balances, which do not satisfy HUD regulations regarding the program maintaining adequate cash on hand to fully fund HAP Equity and Administrative Fee Equity. Additionally, the HCV program reports a deficit in administrative equity, as follows:

Per the General Ledger

HAP Equity	\$190,334
Administrative Fee Equity	\$ -0- (Deficit of \$11,134)
Inter program due To Low Rent	\$27,852
Subtotal Cash needed	\$218,186
Unrestricted Cash	\$11,538
Restricted Cash	\$190,334
Subtotal Cash Available	\$201,872

HUD staff in the New Orleans Field Office has been monitoring the situation and maintains an open file until the inter program balance is paid off and all issues identified above are resolved. The HUD Field Office staff responsible for monitoring this provided audit guidance to me including their approval for the issue(s) to be reported as a Management Letter Comment as of 9-30-2008 instead of being reported as a Finding. Since the issues remain the same I am again reporting this as a Management Letter Comment.

Managements Response – We concur with the auditors description of the issue and intend to have the Section 8 Programs pay any future inter program account balances by 9-30-2010. We will do everything we can to ensure that the HCV program has sufficient cash on hand to fully fund the HAP Equity and the Administrative Fee Equity as of 9-30-2010. We project that by 9-30-2010 we will be in full compliance with all HUD regulations.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the authority, as of and for the year ending September 30, 2009, which collectively comprise the authority's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and user of the Board, management, federal awarding agencies, and pass-thru entities and is not intended to be and should not be used by anyone other than these specified users. Although the intended use of these reports may be limited, under LRS 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

William Daniel McCaskill
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January 26, 2010