

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

**Annual Financial Report
As of and for the Year Ended September 30, 2006**

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

4/25/07

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana
Basic Financial Statements
As of and for the Fiscal Year Ended September 30, 2006
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, 2006, which collectively comprise the authority's basic financial statements, 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, 2006, 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, 2006
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated February 16, 2007 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 our 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. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 16, 2007

HOUSING AUTHORITY OF GRAMBLING LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

SEPTEMBER 30, 2006

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2006

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, 2006. 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 \$2,535,965 at the close of the fiscal year ended 2006.
 - ✓ Of this amount \$1,920,675 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ The remainder of \$615,290 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 70% of the total operating expenses of \$867,173 for the fiscal year 2006, which means the Authority might be able to operate about 8 months using the unrestricted assets alone, which compares favorably with 7 months in the prior fiscal year.
- The Housing Authority's total net assets increased by \$107,238, a 4% change from the prior fiscal year 2005.
- The increase in net assets of these funds was accompanied by an increase in unrestricted cash by \$50,769 from fiscal year 2005, primarily due to an increase in operating grants and tenant rents.
- The Authority spent \$22,530 on capital asset additions and \$125,804 on construction in progress during the current fiscal year.
- These changes led to an increase in total assets by \$106,535 and a decrease in total liabilities by \$704. As related measure of financial health, there are still over \$13.85 of current assets covering each dollar of total current and long-term liabilities, which compares favorably with \$11.41 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 2006?" 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
- KDHAP
- DVP

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2006

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 \$2,535,965 as of September 30, 2006. Of this amount, \$1,920,675 was invested in capital assets, and the remaining \$615,290 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

CONDENSED FINANCIAL STATEMENTS

	<u>2006</u>	<u>2005</u>
Condensed Balance Sheet (Excluding Interfund Transfers) As of September 30, 2006		
ASSETS		
Current assets	\$ 663,178	\$ 554,631
Capital assets, net of depreciation	<u>1,920,675</u>	<u>1,922,687</u>
Total assets	<u><u>2,583,853</u></u>	<u><u>2,477,318</u></u>
LIABILITIES		
Current liabilities	<u>47,325</u>	<u>40,653</u>
Non-current liabilities	<u>563</u>	<u>7,938</u>
Total liabilities	<u><u>47,888</u></u>	<u><u>48,591</u></u>
NET ASSETS		
Invested in capital assets, net of depreciation	1,920,675	1,922,687
Unrestricted net assets	<u>615,290</u>	<u>506,040</u>
Total net assets	<u><u>2,535,965</u></u>	<u><u>2,428,727</u></u>
Total liabilities and net assets	<u><u>2,583,853</u></u>	<u><u>2,477,318</u></u>

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2006

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$107,238, or by 4%, from those of fiscal year 2005, 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, 2006**

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES		
Federal grants for operations	\$ 686,972	\$ 668,819
Tenant rental revenue	107,397	90,439
Other tenant revenue	408	5,336
Other government grants for operations	16,459	-
Total operating revenues	811,236	764,594
OPERATING EXPENSES		
Depreciation	150,348	142,085
Administration	156,353	156,257
Maintenance and repairs	75,091	95,624
General	60,898	61,761
Utilities	14,189	12,564
Tenant services	1,356	1,763
Extraordinary repairs	1,200	1,690
Federal Housing Assistance Payments (HAP) to landlords	407,738	397,669
Total operating expenses	867,173	869,413
(Losses) from operations	(55,937)	(104,819)
NON-OPERATING REVENUES		
Other non-tenant revenue	14,558	8,144
Interest income	282	263
Total Non-Operating Revenues	14,840	8,407
(Losses) after non-operating revenues	(41,097)	(96,412)
OTHER CHANGES IN NET ASSETS		
Federal grants for capital expenditures	148,335	261,761
NET INCREASES IN NET ASSETS	107,238	165,349
NET ASSETS, beginning of fiscal year – as restated	2,428,727	2,263,378
NET ASSETS, end of fiscal year	2,535,965	2,428,727

EXPLANATIONS OF FINANCIAL ANALYSIS

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2006

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$60,351, or by 6%, 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 revenues from HUD for operations increased by \$18,153, or by 3% 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, 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. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly, lowering the overall total.
- Total tenant revenue increased by \$12,030, or by 13% from that of the prior fiscal year, due to two major factors: Tenant rental revenues increased by \$16,958, or by 19%, because occupancy rates increased by 7%, and because the amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising 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) decreased by \$4,928, or by 92%.
- Total other non-operating revenue increased by \$6,413 from that of the prior fiscal year.
- Interest income increased by \$19, or by 7% from that of the prior fiscal year.
- Federal Capital Funds from HUD decreased by \$113,426, or by 43% 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 2002 through 2005, and submitted a new grant during fiscal year 2007.

Compared with the prior fiscal year, total operating and non-operating expenses decreased \$2,240, 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:

- Housing Assistance Payments to landlords increased by \$10,069, or by 3% from that of the prior fiscal year, because there was an increase in the number of tenants qualifying for subsidy during the year. Consequently, revenues from HUD for these subsidies increased by \$5,187.
- Depreciation expense increased by \$8,263, or by 6% from that of the prior fiscal year, because there was an increase in capital assets by \$112,374.
- Utilities Expense increased by \$1,625, or by 13% from that of the prior fiscal year, because water cost decreased by \$14 and a decrease in rate by 9%, primarily because electricity cost increased by \$930 and an increase in rate by 9% and gas cost increased by \$432 and an increase in rate by 34%. Finally, other utilities expense (such as garbage, sewage, and waste removal) increased by \$276, or by 109%.

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2006

- Administrative Expenses increased by \$96 from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries decreased by \$1,347, or by 2%, but staff vacation and sick leave pay decreased by \$7,154, or by 245%, and related employee benefit contributions increased by \$2,076, or by 13%; therefore, total staff salaries and benefit costs decreased by 7%. In addition, audit fees increased by \$605, or by 7%, accounting fees increased by \$7,090; thus, total outside professional fees increased by 85%. Finally, staff travel reimbursements increased by \$4,499, staff training costs increased by \$1,005, but sundry expenses decreased by \$6,678, or by 12%; therefore, other staff administrative expense decreased by 2%.

- Maintenance and repairs decreased by \$20,533, or by 50% from that of the prior fiscal year, due to two major factors: Repair staff wages decreased by \$31,935, or by 92%, and related employee benefit contributions decreased by \$5,755, or by 90%. Also, materials used decreased by \$935, or by 3%, and contract labor costs increased by \$18,092, or by 68%. In addition, Extraordinary maintenance decreased by \$490, or by 29% from that of the prior fiscal year.

- General Expenses decreased by \$863 or by 1% from that of the prior fiscal year, primarily because insurance premiums decreased by \$2,587, or by 7%. On the other hand, other general expenses decreased by \$1,237, or by 8%, lowering the overall total. Also, payments in lieu of taxes (PILOT) increased by \$1,000, or by 12%. PILOT is calculated as a percentage of rent (which increased by 19%) minus utilities (which increased 13%), and therefore changed proportionately to the changes in each of these. Uncollectible rents from vacated units increased by \$1,961, or by 981%, because these changed roughly proportional to rent, which increased by 19%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2006, the Housing Authority had a total cost of \$4,969,126 invested in a broad range of assets and construction in progress from projects funded in 2002 through 2005, listed below. This amount, not including depreciation, represents increases of \$112,374 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, 2006**

	<u>2006</u>	<u>2005</u>
Land	\$ 120,589	\$ 120,589
Construction in progress	143,630	196,770
Buildings	1,603,540	1,495,364
Leasehold improvements	18,269	20,117
Furniture and equipment	34,647	89,847
Total	1,920,675	1,922,687

As of the end of the 2006 fiscal year, the Authority is still in the process of completing HUD grants of \$693,301 obtained during 2002 through 2005 fiscal years. A total remainder of \$362,247 will be received and \$304,030 will be spent for completing these projects during fiscal year 2007.

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 2007 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, 2006

ASSETS**Current assets**

Cash and cash equivalents	\$ 565,872
Receivables:	
HUD	57,114
Intergovernmental	1,102
Tenant rents, net of allowance	2,138
Prepaid insurance	22,356
Inventory, net of allowance	247
Total current assets	<u>648,829</u>

Restricted assets

Cash and cash equivalents	14,350
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Noncurrent assets**Capital assets:****Nondepreciable capital assets:**

Land	120,589
Construction in progress	143,630
Total nondepreciable capital assets	<u>264,219</u>

Depreciable capital assets:

Buildings and improvements	4,519,943
Furniture and equipment	184,964
Less accumulated depreciation	<u>(3,048,452)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>1,656,455</u>

Total capital assets, net of accumulated depreciation	<u>1,920,674</u>
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Total assets

	<u>2,583,853</u>
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continued

Housing Authority of the City of Grambling
 Grambling, Louisiana
 Statement of Net Assets
 As of September 30, 2006

LIABILITIES**Current Liabilities**

Accounts payable	9,375
Payable to other governments	9,321
Accrued wages payable	810
Accrued compensated absences	8,144
Deferred revenue	2,574
Other liability	2,752

Total current liabilities	<u>32,976</u>
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Liabilities Payable from Restricted Assets

Security deposit liability	14,350
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Noncurrent liabilities

Accrued compensated absences	563
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Total noncurrent liabilities	<u>563</u>
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Total liabilities	<u>47,889</u>
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NET ASSETS

Invested in capital assets, net of related debt	1,920,674
Restricted	-
Unrestricted	615,290

Total net assets	<u>\$ 2,535,964</u>
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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 Fiscal Year Ended September 30, 2006

Operating Revenues	
Annual contributions - Housing Assistance Payments	\$ 429,270
HUD administrative fee	55,749
Public housing operating subsidy	172,663
Operating Grants	44,664
Dwelling Rental	107,397
Other Operating	1,493
Total operating revenues	<u>811,236</u>
Operating Expenses	
Housing Assistance Payments	407,738
General and administrative	217,251
Repairs and maintenance	75,091
Utilities	14,188
Tenant services	1,356
Protection services	-
Depreciation and amortization	150,349
Total operating expenses	<u>865,973</u>
Operating income (loss)	(54,737)
Nonoperating Revenues (Expenses):	
Capital grants	148,336
Interest revenue	282
Miscellaneous revenues	14,556
Miscellaneous expenses	(1,200)
Total nonoperating revenues (expenses)	<u>161,974</u>
Change in net assets	107,237
Net assets, beginning of year, as restated	<u>2,428,727</u>
Net assets, end of year	<u><u>\$ 2,535,964</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 Fiscal Year Ended September 30, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 653,152
Receipts from tenants	108,711
Payments to landlords	(407,738)
Payments to suppliers	(234,926)
Payments to employees	<u>(75,665)</u>
Net cash provided by operating activities	<u>43,534</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	14,556
Miscellaneous (expenses)	<u>(1,200)</u>
Net cash provided by noncapital financing activities	<u>13,356</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grants	148,336
Purchase and construction of capital assets	<u>(148,336)</u>
Net cash (used in) capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>282</u>
Net cash provided by investing activities	<u>282</u>
Net (decrease) in cash and cash equivalents	<u>57,172</u>
Cash and cash equivalents - beginning of year	<u>508,700</u>
Cash and cash equivalents - end of year	<u>\$ 565,872</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (54,737)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	150,349
Changes in assets and liabilities:	
HUD receivable	(48,092)
Intergovernmental receivable, net	(1,102)
Tenant rents, net of allowance	(179)
Prepaid insurance	(5,515)
Inventories	(124)
Restricted assets	3,636
Accounts payable	817
Accrued wages payable	23
Accrued compensated absences	(1,001)
HUD liability	(2,996)
Deferred Revenues	2,574
PILOT	1,000
Other liability	2,517
Security deposit liability	<u>(3,636)</u>
Net cash provided by operating activities	<u>\$ 43,534</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
For Fiscal Year Ended September 30, 2006

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 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, 2006 – Continued

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

(2) Funds

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2006 – 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) New Accounting Standards Adopted

During the year ended September 30, 2006, the Authority adopted Statement #42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* of financial accounting standards issued by the Government Accounting Standards Board (GASB).

(5) 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 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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2006 – Continued

(c) Restricted Assets

Cash equal to the amount of tenant security deposits is 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. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

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

Buildings	33 years
Modernization and improvements	15 years
Furniture and equipment	3-7 years

(e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for HUD 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, 2006, the management of the authority established an allowance for doubtful accounts of approximately \$1,980.

(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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2006 – Continued

(h) 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, 2006, the authority's carrying amount of deposits was \$580,222 which includes the following:

Cash and cash equivalents-unrestricted	\$565,872
Cash and cash equivalents- restricted	14,350
Total	\$580,222

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. \$102,768 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$492,188 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances totaled \$594,956

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2006 – Continued

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>Ending Balance</u>
Nondepreciable Assets:					
Land	\$ 120,589	\$	\$	\$	\$120,589
Construction in Progress	196,771	125,804		(178,945)	143,630
Depreciable Assets:					
Building and improvements	4,267,916			252,029	4,519,945
Furniture and equipment	<u>271,476</u>	<u>22,532</u>	<u>35,961</u>	<u>(73,084)</u>	<u>258,047</u>
Total	<u>4,856,752</u>	<u>148,336</u>	<u>35,961</u>		<u>5,042,211</u>
Less accumulated depreciation					
Building and improvements	2,763,828	134,306			2,898,134
Furniture and equipment	<u>170,237</u>	<u>16,042</u>	<u>35,961</u>		<u>150,318</u>
Total accumulated depreciation	<u>2,934,065</u>	<u>150,348</u>	<u>35,961</u>		<u>3,048,452</u>
Net Capital Assets	<u>\$1,922,687</u>	<u>(\$2,012)</u>	<u>\$</u>	<u>\$</u>	<u>\$1,920,674</u>

NOTE D – CONSTRUCTION COMMITMENTS

The authority has active construction projects as of September 30, 2006. At year end, the commitments with contractors are as follows:

<u>Projects</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
CFP 2004	\$3,918	\$172,655
CFP 2005	<u>37,481</u>	<u>106,377</u>
Total	<u>\$41,399</u>	<u>\$279,032</u>

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2006 – Continued

NOTE E – COMPENSATED ABSENCES

At September 30, 2006, employees of the authority have accumulated and vested \$8,707 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$563 is reported in long-term debt.

NOTE F - RETIREMENT PLAN

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

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

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

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

The authority's total payroll for the year ended September 30, 2006, was \$75,665. The authority's contributions were calculated using the base salary amount of \$70,479. The authority made the required contributions of \$5,124 for the year ended September 30, 2006.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2006 – Continued

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.

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

NOTE I – ECONOMIC DEPENDANCE

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 \$850,682 to the authority, which represents approximately 87% 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, 2006 which collectively comprise the authority's basic financial statements and have issued my report thereon dated February 16, 2007. 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of the authority in a separate letter dated February 16, 2007.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Internal Control... *Government*
Auditing Standards, 2006
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, I noted certain matters that I reported to management of the authority in a separate letter dated February 16, 2007.

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
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February 16, 2007

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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, 2006. 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, 2006
Page Two

In my opinion, 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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2006-1.

Internal Control Over Compliance

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

I noted certain matters involving the internal control over compliance and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-1.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Compliance...A-133, 2006
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

February 16, 2007

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs
Fiscal Year Ended September 30, 2006

Summary Schedule of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the authority.
2. No reportable conditions required to be reported in the 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* were disclosed during the audit of the financial statements.)
3. No instances of noncompliance material to the financial statements of the authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One reportable conditions disclosed during the audit of internal control over major federal award programs is reported in the Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133. The condition is not reported as 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. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:
 1. 14.871 Housing Choice Vouchers

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2006

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

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

FINDING 2006-1

Program Affected—Housing Choice Vouchers
CFDA Number – 14.871
Federal Agency – HUD
2006 Year

Condition

Our testing of 6 HCV tenant files resulted in the following deficiencies noted:

- 1 instance where income verification was insufficient. The income verification used was over 8 months old. The PHA is not using the Enterprise income verification system to verify income.
- 2 instances noted where the PHA did not document that failed HQS inspections requiring 24 hour repairs were re-inspected.
- 2 instances in which the tenant did not sign privacy act/tenant certification forms

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2006

Criteria

The PHA must determine income eligibility using third party verification in accordance with HUD guidelines per HUD Notice 2004-18. The PHA did not use HUD's EIV system for income verification. The PHA must require that the owner correct any life threatening HQS deficiencies within 24 hours of the inspection. (24 CFR 982.404)

The ACC and the CFR describe minimal tenant file documentation required to be maintained by the PHA to comply with federal regulations.

Cause

The PHA may not be adequately staffed and current staff may not be adequately trained.

Effect

PHA staff is not adequately following Federal regulations.

Questioned Costs: None

Prospective Information—Housing Assistance Payments for this program totaled \$407,738 this fiscal year.

Recommendation:

The PHA should use HUD's enterprise income verification system whenever possible. If the EIV system is not used, then the tenant file should contain a memo explaining why it was not used. The PHA should maintain a log of failed HQS inspections and management should closely monitor the log to insure that units are re-inspected within the required time frame.

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, 2006

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, 2006

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2006-1

Action Planned: We will begin using the EIV system for income verification. If for some reason the EIV system is not used, we will document the reason in the files. In all cases where we must use 3rd party income verification we will ensure that it is dated within 60 days of the examination/re-examination. We will maintain a log of HQS inspections and monitor it closely to insure that failed inspections are repaired within the required timeframe.

Person Responsible: Bridgette Tanner, Executive Director

Anticipated Completion Date: March 31, 2007

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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 Town of Grambling for the year ended September 30, 2006, 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 February 16, 2007, on the financial statements of the authority. Management's response has also been included.

ML 2006-01

Comment - In each of the last 2 years, the fee accountant has recorded material cash balances that are, in fact, on deposit in Housing Choice Vouchers (HCV) bank accounts incorrectly in the Public Housing Program on the FDS. We have recorded audit AJE's to properly classify the cash in the HCV program with the related inter program.

After the audit AJE's, the HCV program records a cash balance of \$371,619, Equity of \$506, and an Inter program Accounts Payable to Public Housing of \$362,707.

In prior years the HVC program has had an overall deficit, meaning that it could not have repaid the inter program in full. We have included prior audit findings revealing this situation but are not aware of any action that HUD has taken in this regard.

As of this FYE, the HCV program does have a positive Equity and is able to pay off the inter program. Because of the ability to repay the debt and because of Managements Corrective Action Plan we have not questioned the amount and the classification.

However, the PHA should immediately have the HCV program reimburse the Public Housing Program all monies owed to it at the time of the repayment.

As well, the PHA should ensure that no program loans monies to any other program in the future.

Corrective Action Plan:

Person Responsible—Bridgette Tanner

Anticipated Completion Date—April 30, 2007

Action Planned—We will have the HCV program reimburse the Public Housing Program the amount due as of 4-30-2007 and ensure that there are no inter program amounts between these programs in the future.

ML 2006-02

Comment – In testing the SEMAP report for 9-30-2006, we observed that the PHA should maintain additional support documentation for answers to the following questions:

2.b. The agency is not maintaining a supervisory sample log, but is instead counting on a 100% review of each tenant file by the Executive Director to support the response to the question.

5 & 6 The agency should maintain a log of each HQS inspection during the year. The log should include columns for pass, fail with a 24 hour repair requirement, fail with a 30 day repair requirement, date re inspected, and the results of the re inspection.

Corrective Action Plan:

Person Responsible—Bridgette Tanner

Anticipated Completion Date—April 30, 2007

Action Planned—We will maintain a supervisory control sample log for indicator 2.b. We will also maintain a log of all HQS inspections during the year with all of the items included that the auditor recommended.

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, 2006, 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

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 16, 2007

Schedule 4

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended September 30, 2006

Board members serve without compensation

Housing Authority of the City of Grambling
 Grambling, Louisiana
 Schedule of Expenditures of Federal Awards
 For Fiscal Year Ended September 30, 2006

<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	\$ 172,663
Housing Choice Voucher Program	14.871	485,019
Public Housing Capital Fund Program	14.872	193,000
 U.S. Department of Homeland Security:		
Katrina Disaster Housing Assistance Program	97.NA	1,085
 Total Federal Expenditures		 <u><u>\$ 851,767</u></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, 2006

NOTE A – General

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

NOTE B – Basis of accounting

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

NOTE C – Relationship to Basic Financial Statements

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

Low Rent Public Housing	\$172,663
Housing Choice Voucher Program	485,019
Public Housing Capital Fund Program	193,000
Katrina Disaster Housing Assistance Program	\$1,085

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 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

PHA: LA097 FYED: 09/30/2006

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program	Total
111	Cash - Unrestricted	\$194,253	\$371,619	\$0	\$0	\$0	\$565,872
114	Cash - Tenant Security Deposits	\$14,350	\$0	\$0	\$0	\$0	\$14,350
100	Total Cash	\$208,603	\$371,619	\$0	\$0	\$0	\$580,222
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$56,029	\$0	\$1,085	\$57,114
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$1,102	\$0	\$1,102
126	Accounts Receivable - Tenants - Dwelling Rents	\$4,118	\$0	\$0	\$0	\$0	\$4,118
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-1,980	\$0	\$0	\$0	\$0	\$-1,980
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$2,138	\$0	\$56,029	\$1,102	\$1,085	\$60,354
142	Prepaid Expenses and Other Assets	\$22,356	\$0	\$0	\$0	\$0	\$22,356
143	Inventories	\$247	\$0	\$0	\$0	\$0	\$247
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$418,736	\$5,422	\$0	\$6,794	\$0	\$430,952
150	Total Current Assets	\$652,080	\$377,041	\$56,029	\$7,896	\$1,085	\$1,094,131
161	Land	\$120,589	\$0	\$0	\$0	\$0	\$120,589
162	Buildings	\$3,682,205	\$0	\$185,262	\$0	\$0	\$3,867,467
163	Furniture, Equipment & Machinery - Dwellings	\$65,624	\$0	\$0	\$0	\$0	\$65,624
164	Furniture, Equipment & Machinery - Administration	\$96,809	\$0	\$22,531	\$0	\$0	\$119,340
165	Leasehold Improvements	\$652,476	\$0	\$0	\$0	\$0	\$652,476
166	Accumulated Depreciation	\$-3,028,225	\$0	\$-20,227	\$0	\$0	\$-3,048,452
167	Construction In Progress	\$0	\$0	\$143,630	\$0	\$0	\$143,630
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,589,478	\$0	\$331,196	\$0	\$0	\$1,920,674
180	Total Non-Current Assets	\$1,589,478	\$0	\$331,196	\$0	\$0	\$1,920,674
190	Total Assets	\$2,241,558	\$377,041	\$387,225	\$7,896	\$1,085	\$3,014,805

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

PHA: LA097 FYED: 09/30/2006

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program	Total
312	Accounts Payable <= 90 Days	\$8,121	\$1,254	\$0	\$0	\$0	\$9,375
321	Accrued Wage/Payroll Taxes Payable	\$810	\$0	\$0	\$0	\$0	\$810
322	Accrued Compensated Absences - Current Portion	\$2,364	\$5,780	\$0	\$0	\$0	\$8,144
333	Accounts Payable - Other Government	\$9,321	\$0	\$0	\$0	\$0	\$9,321
341	Tenant Security Deposits	\$14,350	\$0	\$0	\$0	\$0	\$14,350
342	Deferred Revenues	\$2,561	\$0	\$0	\$0	\$0	\$2,561
345	Other Current Liabilities	\$0	\$0	\$0	\$2,508	\$13	\$2,521
346	Accrued Liabilities - Other	\$244	\$0	\$0	\$0	\$0	\$244
347	Interprogram Due To	\$4,350	\$369,501	\$56,029	\$0	\$1,072	\$430,952
310	Total Current Liabilities	\$42,121	\$376,535	\$56,029	\$2,508	\$1,085	\$478,278
354	Accrued Compensated Absences - Non Current	\$563	\$0	\$0	\$0	\$0	\$563
350	Total Noncurrent Liabilities	\$563	\$0	\$0	\$0	\$0	\$563
300	Total Liabilities	\$42,684	\$376,535	\$56,029	\$2,508	\$1,085	\$478,841
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,589,478	\$0	\$331,196	\$0	\$0	\$1,920,674
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$609,396	\$506	\$0	\$5,388	\$0	\$615,290
513	Total Equity/Net Assets	\$2,198,874	\$506	\$331,196	\$5,388	\$0	\$2,535,964
600	Total Liabilities and Equity/Net Assets	\$2,241,558	\$377,041	\$387,225	\$7,896	\$1,085	\$3,014,805

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Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program	Total
703	Net Tenant Rental Revenue	\$107,397	\$0	\$0	\$0	\$0	\$107,397
704	Tenant Revenue - Other	\$408	\$0	\$0	\$0	\$0	\$408
705	Total Tenant Revenue	\$107,805	\$0	\$0	\$0	\$0	\$107,805
706	HUD PHA Operating Grants	\$172,663	\$469,645	\$44,664	\$15,374	\$0	\$702,346
706.1	Capital Grants	\$0	\$0	\$148,336	\$0	\$0	\$148,336
708	Other Government Grants	\$0	\$0	\$0	\$0	\$1,085	\$1,085
711	Investment Income - Unrestricted	\$120	\$162	\$0	\$0	\$0	\$282
714	Fraud Recovery	\$0	\$1,492	\$0	\$0	\$0	\$1,492
715	Other Revenue	\$12,122	\$943	\$0	\$0	\$0	\$13,065
700	Total Revenue	\$292,710	\$472,242	\$193,000	\$15,374	\$1,085	\$974,411

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

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Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program	Total
911	Administrative Salaries	\$58,227	\$14,732	\$0	\$0	\$0	\$72,959
912	Auditing Fees	\$8,645	\$961	\$0	\$0	\$0	\$9,606
914	Compensated Absences	\$-3,585	\$-648	\$0	\$0	\$0	\$-4,233
915	Employee Benefit Contributions - Administrative	\$13,268	\$4,266	\$0	\$0	\$0	\$17,534
916	Other Operating - Administrative	\$32,625	\$19,379	\$8,484	\$0	\$0	\$60,488
922	Relocation Costs	\$1,356	\$0	\$0	\$0	\$0	\$1,356
931	Water	\$131	\$0	\$0	\$0	\$0	\$131
932	Electricity	\$11,836	\$0	\$0	\$0	\$0	\$11,836
933	Gas	\$1,692	\$0	\$0	\$0	\$0	\$1,692
938	Other Utilities Expense	\$530	\$0	\$0	\$0	\$0	\$530
941	Ordinary Maintenance and Operations - Labor	\$2,706	\$0	\$0	\$0	\$0	\$2,706
942	Ordinary Maintenance and Operations - Materials and Other	\$14,889	\$0	\$12,290	\$0	\$0	\$27,179
943	Ordinary Maintenance and Operations - Contract Costs	\$31,866	\$0	\$12,723	\$0	\$0	\$44,589
945	Employee Benefit Contributions - Ordinary Maintenance	\$617	\$0	\$0	\$0	\$0	\$617
961	Insurance Premiums	\$30,907	\$3,923	\$0	\$0	\$0	\$34,830
962	Other General Expenses	\$0	\$14,585	\$0	\$0	\$0	\$14,585
963	Payments in Lieu of Taxes	\$9,321	\$0	\$0	\$0	\$0	\$9,321
964	Bad Debt - Tenant Rents	\$2,161	\$0	\$0	\$0	\$0	\$2,161
969	Total Operating Expenses	\$217,192	\$57,198	\$33,497	\$0	\$0	\$307,887
970	Excess Operating Revenue over Operating Expenses	\$75,518	\$415,044	\$159,503	\$15,374	\$1,085	\$666,524
971	Extraordinary Maintenance	\$1,200	\$0	\$0	\$0	\$0	\$1,200
973	Housing Assistance Payments	\$0	\$396,667	\$0	\$9,986	\$1,085	\$407,738
974	Depreciation Expense	\$132,646	\$0	\$17,703	\$0	\$0	\$150,349
900	Total Expenses	\$351,038	\$453,865	\$51,200	\$9,986	\$1,085	\$867,174
1001	Operating Transfers In	\$11,166	\$0	\$0	\$0	\$0	\$11,166
1002	Operating Transfers Out	\$0	\$0	\$-11,166	\$0	\$0	\$-11,166
1010	Total Other Financing Sources (Uses)	\$11,166	\$0	\$-11,166	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-47,162	\$18,377	\$130,634	\$5,388	\$0	\$107,237

PHA: LA097 FYED: 09/30/2006

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Disaster Voucher Program	Other Federal Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$2,059,992	\$-21,101	\$386,606	\$0	\$0	\$2,425,497
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$186,044	\$3,230	\$-186,044	\$0	\$0	\$3,230
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$471,282	\$0	\$0	\$0	\$471,282
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$471,282	\$0	\$0	\$0	\$471,282
1120	Unit Months Available	1,164	1,800	0	18	4	2,986
1121	Number of Unit Months Leased	928	1,458	0	18	4	2,408