

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

**Annual Financial Report
As of and for the Year Ended September 30, 2010**

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 4/20/11

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana
Basic Financial Statements
As of and for the Year Ended September 30, 2010
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, 2010, 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, 2010, 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, 2010
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated February 9, 2011 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

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

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 9, 2011

HOUSING AUTHORITY OF GRAMBLING, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

SEPTEMBER 30, 2010

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2010

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, 2010. 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 \$2,837,858 at the close of the fiscal year ended 2010.
 - ✓ Of this amount \$2,081,302 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ Also of this amount, \$133,528 of net assets are restricted for the Housing Choice Voucher program
 - ✓ The remainder of \$623,028 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations.

- The Housing Authority's total net assets increased by \$134,901, a 5% change from the prior fiscal year 2009. This increase is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.

- The increase in net assets of these funds was accompanied by a decrease in unrestricted cash by \$62,103 from fiscal year 2009, primarily due to payments made to contractors that as of fiscal year end were HUD receivables.

- The Authority spent \$345,400 on construction in progress during the current fiscal year.

- These changes led to an increase in total assets by \$146,987 and an increase in total liabilities by \$12,086.

- 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 2010?" 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
- ARRA – American Recovery and Reinvestment Act

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.

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2010

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$2,837,858 as of September 30, 2010. Of this amount, \$2,081,302 was invested in capital assets, and the remaining \$623,028 was unrestricted. There was \$133,528 in specific assets restricted for Housing Choice Voucher program.

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Assets
 (Excluding Interfund Transfers)
 As of September 30, 2010**

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets	\$ 691,453	\$ 665,306
Assets restricted for Housing Choice Voucher program.	133,528	190,334
Capital assets, net of depreciation	<u>2,081,302</u>	<u>1,903,657</u>
Total assets	<u>2,906,283</u>	<u>2,759,297</u>
LIABILITIES		
Current liabilities	61,146	49,775
Non-current liabilities	<u>7,279</u>	<u>6,565</u>
Total liabilities	<u>68,425</u>	<u>56,340</u>
NET ASSETS		
Invested in capital assets, net of depreciation	2,081,302	1,903,657
Net assets restricted for the Housing Choice Voucher program	133,528	190,334
Unrestricted net assets	<u>623,028</u>	<u>608,966</u>
Total net assets	<u>2,837,858</u>	<u>2,702,957</u>
Total liabilities and net assets	<u>2,906,283</u>	<u>2,759,297</u>

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2010

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$134,901, or by 5%, from those of fiscal year 2009, 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, 2010**

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Federal Grants for operations	\$ 633,259	\$ 624,663
Tenant rental revenue	101,196	96,039
Other tenant revenue	5,514	250
Total operating revenues	739,969	720,952
OPERATING EXPENSES		
Federal Housing Assistance Payments (HAP) to landlords	409,008	320,652
Administration	189,032	151,915
Maintenance and repairs	101,748	103,577
Depreciation	173,305	183,119
General	68,851	59,338
Utilities	11,530	11,060
Tenant services	1,977	1,190
Extraordinary repairs	1,800	-
Total operating expenses	957,251	830,851
(Losses) from operations	(217,283)	(109,899)
NON-OPERATING REVENUES		
Fraud Recovery	-	416
Other non-tenant revenue	364	38,148
Interest income	6,419	1,163
Total Non-Operating Revenues	6,783	39,727
NON-OPERATING EXPENSES		
(Losses) after non-operating revenues	(210,499)	(70,172)
OTHER CHANGES IN NET ASSETS		
Federal grants for capital expenditures	345,400	-
NET INCREASE (DECREASE) IN NET ASSETS	134,901	(70,172)
NET ASSETS, beginning of fiscal year	2,702,957	2,773,129
NET ASSETS, end of fiscal year	2,837,858	2,702,957

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues increased \$331,474, or by 44%, from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Federal revenues from HUD for operations increased by \$8,596 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, as well as other factors, and then uses this final result as a basis for determining the grant amount.
- Federal Capital Funds from HUD increased by \$345,400 from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2006 through 2009, and submitted a new grant during this 2010 fiscal year.
- Total other non-operating revenue decreased by \$37,784 from that of the prior fiscal year, because the Authority received proceeds from casualty insurance claims, which are recorded as other income by the Authority in the year received.
- Total tenant revenue increased by \$10,421, or by 11% from that of the prior fiscal year, because the amount of rent each tenant pays is based on a sliding scale of their personal income. 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) increased by \$5,264.
- Interest income increased by \$5,256 from that of the prior fiscal year, because the Authority spent available cash mostly on capital assets instead of temporary investments.

Compared with the prior fiscal year, total operating and non-operating expenses increased \$126,401, or by 15%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense decreased by \$9,813, or by 5% from that of the prior fiscal year, because existing capital assets are reaching the end of their estimated useful lives.
- Maintenance and repairs decreased by \$1,829, or by 2% from that of the prior fiscal year.
- General Expenses increased by \$9,513, or by 16% from that of the prior fiscal year, primarily because insurance premiums increased by \$5,685, or by 15%, since property and casualty insurance premiums increased, whereas other general expenses increased by \$6,761, or by 17%. Finally, uncollectible rents from vacated units increased by \$4,480.

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2010

- Administrative Expenses increased by \$37,117, or by 24% from that of the prior fiscal year, due to a combination of factors: Administrative staff salaries increased by \$20,261, or by 27%, and related employee benefit contributions increased by \$3,972, or by 24%; therefore, total staff salaries and benefit costs increased by 27%, but sundry expenses decreased by \$4,583, or by 41%; therefore, other staff administrative expense increased by 21%. Finally, staff travel reimbursements increased by \$11,803, or by 80%.
- Housing Assistance Payments to landlords increased by \$88,356, or by 28% from that of the prior fiscal year, because there was an increase in the number of tenants receiving housing assistance this year.
- Tenant services and Utilities, totaling \$13,507, did not change significantly from the prior to the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2010, the Housing Authority had a total cost of \$5,779,475 invested in a broad range of assets and construction in progress from projects funded in 2006 through 2009, which is listed below. This amount, not including depreciation, represents increases of \$432,213 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, 2010**

	<u>2010</u>	<u>2009</u>
Land	\$ 120,589	\$ 120,589
Construction in progress	345,400	108,976
Buildings	1,521,135	1,621,761
Leasehold improvements	77,549	28,964
Furniture and equipment	<u>16,629</u>	<u>23,367</u>
Total	<u>2,081,302</u>	<u>1,903,657</u>

As of the end of the 2010 fiscal year, the Authority is still in the process of completing HUD grants of \$745,464 obtained during 2006 through 2009 fiscal years.

Debt

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2011 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, 2010

ASSETS**Current assets**

Cash and cash equivalents	471,309
Receivables:	
HUD	178,607
Tenant rents, net of allowance	1,460
Prepaid insurance	19,753
Inventory, net of allowance	299
Restricted assets - cash and cash equivalents	<u>153,553</u>
Total current assets	<u>824,981</u>

Noncurrent assets

Capital assets:

Nondepreciable capital assets:

Land	120,589
Construction in progress	<u>345,400</u>
Total nondepreciable capital assets	<u>465,989</u>

Depreciable capital assets:

Buildings and improvements	5,060,445
Furniture and equipment	253,041
Less accumulated depreciation	<u>(3,698,173)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>1,615,313</u>

Total capital assets, net of accumulated depreciation 2,081,302

Total assets 2,906,283

(continued)

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Assets
As of September 30, 2010

LIABILITIES**Current Liabilities**

Accounts payable	3,167
Payable to other governments	9,027
Accrued wages payable	3,071
Accrued compensated absences	3,716
Deferred revenue	14,707
Other liability	7,433
Security deposit liability	<u>20,025</u>

Total current liabilities 61,146

Noncurrent liabilities

Accrued compensated absences	<u>7,279</u>
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Total noncurrent liabilities 7,279

Total liabilities 68,425

NET ASSETS

Invested in capital assets, net of related debt	2,081,302
Restricted	133,528
Unrestricted	<u>623,028</u>

Total net assets \$ 2,837,858

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, 2010

Operating Revenues	
HUD Operating Grants	\$ 633,259
Dwelling Rental	101,196
Other Operating	5,514
	<hr/>
Total operating revenues	739,969
Operating Expenses	
Housing Assistance Payments	409,008
General and administrative	257,881
Repairs and maintenance	103,547
Utilities	11,530
Tenant services	1,977
Depreciation and amortization	173,309
	<hr/>
Total operating expenses	957,252
Operating income (loss)	(217,283)
Nonoperating Revenues (Expenses):	
Interest revenue	385
Miscellaneous revenues	6,399
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Total nonoperating revenues (expenses)	6,784
Income (loss) before other revenues, expenses, gains, losses and transfers	(210,499)
Capital contributions (grants)	345,400
Increase (decrease) in net assets	134,901
Net assets, beginning of year	2,702,957
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Net assets, end of year	\$ 2,837,858
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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, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 540,220
Receipts from tenants	117,809
Payments to landlords	(409,008)
Payments to suppliers	(229,774)
Payments to employees	<u>(135,714)</u>
Net cash provided by operating activities	<u>(116,467)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	<u>6,399</u>
Net cash provided by noncapital financing activities	<u>6,399</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grants	345,400
Purchase and construction of capital assets	<u>(350,951)</u>
Net cash (used in) capital and related financing activities	<u>(5,551)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>385</u>
Net cash provided by investing activities	<u>385</u>
Net increase (decrease) in cash and cash equivalents	<u>(115,234)</u>
Cash and cash equivalents - beginning of year	<u>740,096</u>
Cash and Cash equivalents - unrestricted	471,309
Cash and Cash equivalents - restricted	153,553
Total Cash and Cash Equivalents - end of year	<u>\$ 624,862</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (217,283)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	173,309
Changes in assets and liabilities:	
HUD receivable	(93,039)
Tenant rents, net of allowance	(9)
Miscellaneous receivables	7,433
Prepaid insurance	1,040
Accounts payable	2,740
Accrued wages payable	2,250
PILOT Payable	504
Accrued compensated absences	822
HUD liability	7,433
Other liability	(5,342)
Security deposit liability	<u>3,675</u>
Net cash provided by operating activities	<u>\$ (116,467)</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, 2010

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, 2010 – 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, 2010 – 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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2010 – Continued

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

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

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

(e) Due from/to other governments or agencies

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

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At September 30, 2010, the management of the authority established an allowance for doubtful accounts of approximately \$5,263.

(g) Compensated absences

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

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2010 – Continued

(h) Restricted net assets

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

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

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

(i) Use of estimates

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

NOTE B – DEPOSITS

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

As of September 30, 2010, the authority's carrying amount of deposits was \$624,862, which includes the following:

Cash and cash equivalents-unrestricted	\$471,309
Cash and cash equivalents- restricted	153,553
Investments	
Total	\$624,862

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2010 – Continued

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

Custodial Credit Risk—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$252,606 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$371,745 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances at September 30, 2010 totaled \$624,351.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2010 was as follows:

	<u>9 30 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>9 30 2010</u>
Nondepreciable Assets:					
Land	120,589				120,589
Construction in Progress	108,975	345,399	-	(108,975)	345,399
Depreciable Assets:					
Building and improvements	5,024,553	-	-	35,892	5,060,445
Furniture and equipment	<u>186,387</u>	<u>5,552</u>	<u>11,979</u>	<u>73,083</u>	<u>253,043</u>
Total	<u>5,440,504</u>	<u>350,951</u>	<u>11,979</u>	<u>-</u>	<u>5,779,476</u>
Less accumulated depreciation					
Building and improvements	3,359,364	157,332	-	-	3,516,696
Furniture and equipment	<u>177,483</u>	<u>15,973</u>	<u>11,979</u>	<u>-</u>	<u>181,477</u>
Total accumulated depreciation	<u>3,536,847</u>	<u>173,305</u>	<u>11,979</u>	<u>-</u>	<u>3,698,173</u>
Net Capital Assets	<u>1,903,657</u>	<u>177,646</u>	<u>-</u>	<u>-</u>	<u>2,081,303</u>

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2010 – Continued

NOTE D – CONSTRUCTION COMMITMENTS

The authority is engaged in a modernization program and has entered into construction type contracts with approximately \$211,600 remaining until completion

NOTE E – COMPENSATED ABSENCES

At September 30, 2010, employees of the authority have accumulated and vested \$10,995 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$7,279 is reported in long-term debt.

NOTE F – LONG TERM OBLIGATIONS

As of September 30, 2010, long term obligations consisted of compensated absences in the amount of 7,279. The following is a summary of the changes in the long term obligations for the year ended September 30, 2010.

	Compensated Absences
Balance as of October 1, 2009	\$6,565
Additions	1,999
Deductions	(1,285)
Balance as of September 30, 2010 [Long term]	<u>7,279</u>
Amount due in one year [Short term]	<u>\$3,716</u>

NOTE G – POST EMPLOYMENT RETIREMENT BENEFITS

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2010 – Continued

NOTE H - RETIREMENT PLAN

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

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

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

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

The authority's total payroll for the year ended September 30, 2010, was \$135,714. The authority's contributions were calculated using the base salary amount of \$86,976. The authority made the required contributions of \$11,925 for the year ended September 30, 2010.

NOTE I – RISK MANAGEMENT

The authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2010 – Continued

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

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

NOTE J – FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

HUD is in the process of reconciling HCV Program equity per the financial reports to other source documents. At the time of publication of the audit report the PHA and HUD have not finalized an agreement concerning the amount of Net Restricted Assets and Unrestricted Assets. The PHA has not modified it's financial reporting as of FYE.

NOTE K – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through February 9, 2011 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2010 – Continued

NOTE L – ECONOMIC DEPENDENCE

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$978,659 to the authority, which represents approximately 89% 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, 2010 and have issued my report thereon dated February 9, 2011. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the authority's financial statements will not be prevented, or detected and corrected on a timely basis.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Internal Control... *Government*
Auditing Standards, 2010
Page Two

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider material weaknesses, as defined above.

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*.

I noted a certain matter that I reported to management of the authority in a separate letter dated February 9, 2011.

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 9, 2011

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

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

Compliance

I have audited the compliance of the Housing Authority of the City of Grambling (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each its major federal programs for the year ended September 30, 2010. 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, 2010

Page Two

As described in items F-2010-1 and F-2010-2 in the accompanying schedule of findings and questioned costs, the authority did not comply with requirements regarding special test and provisions that are applicable to its Housing Choice Voucher Program. Compliance with such requirements is necessary, in my opinion, for the authority to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, the authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010

Internal Control Over Compliance

Management of the authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control over compliance.

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Compliance...A-133, 2010
Page Three

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Finding F-2010-1 and F-2010-2 to be material weaknesses.

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

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

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 9, 2011

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2010

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unqualified

Internal control over financial reporting:

- Material weakness identified? yes X no
- Significant deficiency identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? X yes no
- Significant deficiencies identified? yes X none reported

Type of auditor's report issued on compliance for major programs: qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X yes no

Identification of major programs:

- 14.871 Housing Choice Voucher Program
- 14.872 Capital Fund Program
- 14.885 ARRA- American Recovery and Reinvestment Act

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2010

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

Auditee qualified as a low-risk auditee? yes no

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

None

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COST

FINDING NUMBER F-2010-1

FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.871

Program Name – Housing Choice Vouchers

CRITERIA:

The ACC requires GHA to execute depository agreements with all banking institutions where GHA places funds on deposit. The depository agreement is a HUD form that protects HUD's rights in certain circumstances.

CONDITION:

GHA could not locate a Depository Agreement with the bank holding the deposits of GHA.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2010

EFFECT:

The lack of a Depository Agreement results in undue risk of loss for HUD and is a violation of the ACC.

I consider this to be a:

Operational Deficiency

Material Weakness

QUESTIONED COSTS – NONE

MATERIAL NON COMPLIANCE – YES

AUDITOR RECOMMENDATIONS:

I recommend GHA execute depository agreements with all banks holding GHA funds on deposit.

PHA RESPONSE – See corrective action plan

FINDING NUMBER F-2010-2

FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.871

Program Name – 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, 2010

CRITERIA:

HUD regulations require that GHA must inspect units leased under the HCVP at least annually and determine that the unit meets Housing Quality Standards (HQS). Units that fail inspection must have the deficiencies corrected and must be re-inspected within prescribed timelines.

CONDITION:

Our testing of documentation of ten tenant files resulted in this finding that GHA did not re-inspect two failed units within prescribed timelines.

EFFECT:

PHA staff is not adequately following Federal regulations.

I consider this to be a:

Operational Deficiency

Material Weakness

QUESTIONED COSTS – NONE

MATERIAL NON COMPLIANCE – YES

PERSPECTIVE:

GHA administers approximately 90 units of HCVP units. We tested 10 of these files.

AUDITOR RECOMMENDATIONS:

I recommend that GHA closely monitor the HQS inspection process and 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, 2010

Finding F-2009-1: Inadequate pledged securities

This is not repeated

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Corrective Action Plan for Current Year Findings
For Fiscal Year Ended September 30, 2010

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

FINDING F-2010-1

CORRECTIVE ACTION PLAN:

Responsible Party- Bridgette Tanner, Executive Director

Anticipated Completion Date: March 31, 2011.

We will execute Depository Agreements with all banks holding deposits of GHA.

FINDING F-2010-2

CORRECTIVE ACTION PLAN:

Responsible Party- Bridgette Tanner, Executive Director

Anticipated Completion Date: March 31, 2011.

We will maintain a log of failed HQS inspections and monitor it closely to insure that failed inspections are corrected within the required timeframe.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended September 30, 2010

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, 2010

<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	\$ 213,600
Housing Choice Voucher Program	14.871	416,566
Public Housing Capital Fund Program	14.872	208,878
ARRA - American Recovery and Reinvestment Act	14.885	139,615
Total Federal Expenditures		<u>\$ 978,659</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, 2010

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	213,600
Housing Choice Voucher Program	416,566
Public Housing Capital Fund Program	208,878
ARRA - American Recovery and Reinvestment Act	139,615

NOTE D – Relationship to Federal Financial Reports

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

NOTE E- FEDERAL AWARDS

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

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	Project Total	14.871 Housing Choice Vouchers	14.885 Formula Capital Fund Stimulus Grant	14 DVP Disaster Voucher Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$457,493	\$13,816	\$0	\$0	\$471,309		\$471,309
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$133,528	\$0	\$0	\$133,528		\$133,528
114 Cash - Tenant Security Deposits	\$20,025	\$0	\$0	\$0	\$20,025		\$20,025
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0		\$0
100 Total Cash	\$477,518	\$147,344	\$0	\$0	\$624,862	\$0	\$624,862
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$70,206	\$0	\$94,934	\$13,467	\$178,607		\$178,607
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0		\$0
126 Accounts Receivable - Tenants	\$6,723	\$0	\$0	\$0	\$6,723		\$6,723
126.1 Allowance for Doubtful Accounts - Tenants	-\$5,263	\$0	\$0	\$0	-\$5,263		-\$5,263
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0		\$0
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$71,666	\$0	\$94,934	\$13,467	\$180,067	\$0	\$180,067
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0		\$0
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$18,691	\$1,062	\$0	\$0	\$19,753		\$19,753
143 Inventories	\$299	\$0	\$0	\$0	\$299		\$299
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0		\$0
144 Inter-Program Due From	\$105,255	\$0	\$0	\$0	\$105,255	-\$105,255	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0		\$0
150 Total Current Assets	\$673,429	\$145,406	\$94,934	\$13,467	\$930,236	-\$105,255	\$824,981

161 Land	\$0	\$0	\$0	\$0	\$120,589	\$0	\$120,589	\$0	\$120,589	\$0	\$120,589
162 Buildings	\$0	\$0	\$0	\$0	\$4,335,291	\$0	\$4,335,291	\$0	\$4,335,291	\$0	\$4,335,291
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$47,036	\$0	\$47,036	\$0	\$47,036	\$0	\$47,036
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0	\$203,229	\$0	\$203,229	\$0	\$203,229	\$0	\$203,229
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$725,154	\$0	\$725,154	\$0	\$725,154	\$0	\$725,154
166 Accumulated Depreciation	\$0	\$0	\$0	\$0	-\$3,697,248	-\$925	-\$3,698,173	\$0	-\$3,698,173	\$0	-\$3,698,173
167 Construction in Progress	\$0	\$0	\$0	\$0	\$345,400	\$0	\$345,400	\$0	\$345,400	\$0	\$345,400
168 Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,851	\$1,851	\$0	\$0	\$2,079,451	\$1,851	\$2,081,302	\$0	\$2,081,302	\$0	\$2,081,302
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$1,851	\$1,851	\$0	\$0	\$2,079,451	\$1,851	\$2,081,302	\$0	\$2,081,302	\$0	\$2,081,302
190 Total Assets	\$2,752,880	\$150,257	\$94,934	\$94,934	\$2,752,880	\$150,257	\$3,011,538	\$13,467	\$3,011,538	-\$105,255	\$2,906,283
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$0	\$0	\$0	\$0	\$3,167	\$0	\$3,167	\$0	\$3,167	\$0	\$3,167
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$3,071	\$0	\$3,071	\$0	\$3,071	\$0	\$3,071
322 Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$0	\$2,608	\$1,108	\$3,716	\$0	\$3,716	\$0	\$3,716
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
332 Accounts Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$9,027	\$0	\$0	\$0	\$9,027	\$0	\$9,027	\$0	\$9,027	\$0	\$9,027
341 Tenant Security Deposits	\$20,025	\$0	\$0	\$0	\$20,025	\$0	\$20,025	\$0	\$20,025	\$0	\$20,025
342 Deferred Revenues	\$14,707	\$0	\$0	\$0	\$14,707	\$0	\$14,707	\$0	\$14,707	\$0	\$14,707
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$7,433	\$7,433	\$0	\$7,433	\$0	\$7,433
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
347 Inter Program - Due To	\$10,321	\$94,934	\$94,934	\$94,934	\$10,321	\$94,934	\$105,255	\$0	\$105,255	-\$105,255	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$52,605	\$11,429	\$94,934	\$94,934	\$52,605	\$11,429	\$166,401	\$7,433	\$166,401	-\$105,255	\$61,146

351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
352	Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
353	Non-current Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
354	Accrued Compensated Absences - Non Current	\$4,877	\$2,402	\$0	\$0	\$7,279	\$0	\$0	\$7,279
355	Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
356	FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
357	Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
350	Total Non-Current Liabilities	\$4,877	\$2,402	\$0	\$0	\$7,279	\$0	\$0	\$7,279
300	Total Liabilities	\$57,482	\$13,831	\$94,934	\$7,433	\$173,980	-\$105,255	\$68,425	\$68,425
508.1	Invested in Capital Assets, Net of Related Debt	\$2,079,451	\$1,951	\$0	\$0	\$2,081,302			\$2,081,302
509.2	Fund Balance Reserved								
511.2	Unreserved, Designated Fund Balance								
511.1	Restricted Net Assets	\$0	\$133,528	\$0	\$0	\$133,528			\$133,528
512.1	Unrestricted Net Assets	\$615,947	\$1,047	\$0	\$6,034	\$623,028			\$623,028
512.2	Unreserved, Undesignated Fund Balance								
513	Total Equity/Net Assets	\$2,695,398	\$136,426	\$0	\$6,034	\$2,837,858	\$0	\$0	\$2,837,858
800	Total Liabilities and Equity/Net Assets	\$2,752,880	\$150,257	\$94,934	\$13,467	\$3,011,538	-\$105,255	\$2,906,283	\$2,906,283

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	Project Total	14,871 Housing Choice Vouchers	14,865 Formula Capital Fund Stimulus Grant	14, DVP Disaster Voucher Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$101,196	\$0	\$0	\$0	\$101,196		\$101,196
70400 Tenant Revenue - Other	\$5,514	\$0	\$0	\$0	\$5,514		\$5,514
70500 Total Tenant Revenue	\$106,710	\$0	\$0	\$0	\$106,710	\$0	\$106,710
70600 HUD PHA Operating Grants	\$214,208	\$416,566	\$2,485		\$633,259		\$633,259
70510 Capital Grants	\$208,270	\$0	\$137,130	\$0	\$345,400		\$345,400
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue					\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$289	\$86	\$0	\$0	\$385		\$385
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0		\$0
71500 Other Revenue	\$0	\$365	\$0	\$6,034	\$6,399		\$6,399
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0		\$0
70000 Total Revenue	\$528,487	\$417,017	\$139,615	\$6,034	\$1,092,153	\$0	\$1,092,153
91100 Administrative Salaries	\$75,698	\$18,734	\$0	\$0	\$94,432		\$94,432
91200 Auditing Fees	\$8,277	\$4,066	\$0	\$0	\$12,343		\$12,343
91300 Management Fee	\$0	\$0	\$0	\$0	\$0		\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0	\$0		\$0
91400 Advertising and Marketing	\$93	\$0	\$0	\$0	\$93		\$93
91500 Employee Benefit Contributions - Administrative	\$15,420	\$5,404	\$0	\$0	\$20,824		\$20,824

91600 Office Expenses	\$19,957	\$8,286	\$0	\$0	\$28,253	\$28,253
91700 Legal Expense	\$0	\$0	\$0	\$0	\$0	\$0
91800 Travel	\$23,843	\$2,649	\$0	\$0	\$26,492	\$26,492
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0	\$0
91900 Other	\$6,018	\$0	\$577	\$0	\$6,595	\$6,595
91000 Total Operating - Administrative	\$149,306	\$39,149	\$577	\$0	\$189,032	\$189,032
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0
92400 Tenant Services - Other	\$1,977	\$0	\$0	\$0	\$1,977	\$1,977
92500 Total Tenant Services	\$1,977	\$0	\$0	\$0	\$1,977	\$1,977
93100 Water	\$112	\$0	\$0	\$0	\$112	\$112
93200 Electricity	\$9,361	\$0	\$0	\$0	\$9,361	\$9,361
93300 Gas	\$1,857	\$0	\$0	\$0	\$1,857	\$1,857
93400 Fuel	\$0	\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$200	\$0	\$0	\$0	\$200	\$200
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$11,530	\$0	\$0	\$0	\$11,530	\$11,530
94100 Ordinary Maintenance and Operations - Labor	\$41,282	\$0	\$0	\$0	\$41,282	\$41,282
94200 Ordinary Maintenance and Operations - Materials and Other	\$36,118	\$0	\$1,908	\$0	\$38,026	\$38,026
94300 Ordinary Maintenance and Operations Contracts	\$16,243	\$0	\$0	\$0	\$16,243	\$16,243
94500 Employee Benefit Contributions - Ordinary Maintenance	\$6,196	\$0	\$0	\$0	\$6,196	\$6,196
94000 Total Maintenance	\$99,839	\$0	\$1,908	\$0	\$101,747	\$101,747
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$20,314	\$0	\$0	\$0	\$20,314	\$20,314
96120 Liability Insurance	\$9,487	\$826	\$0	\$0	\$9,313	\$9,313
96130 Workmen's Compensation	\$5,228	\$1,307	\$0	\$0	\$6,535	\$6,535

96140 All Other Insurance	\$6,118	\$643	\$0	\$0	\$6,761	\$6,761
96100 Total Insurance Premiums	\$40,145	\$2,776	\$0	\$0	\$42,921	\$42,921
96200 Other General Expenses	\$0	\$6,177	\$0	\$0	\$6,177	\$6,177
96210 Compensated Absences	\$4,444	\$1,754	\$0	\$0	\$6,198	\$6,198
96300 Payments in Lieu of Taxes	\$9,026	\$0	\$0	\$0	\$9,026	\$9,026
96400 Bad debt - Tenant Remit	\$4,527	\$0	\$0	\$0	\$4,527	\$4,527
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$17,997	\$7,931	\$0	\$0	\$25,928	\$25,928
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$320,794	\$49,856	\$2,485	\$0	\$373,135	\$373,135
97000 Excess of Operating Revenue over Operating Expenses	\$208,683	\$367,161	\$137,130	\$6,034	\$719,018	\$719,018
97100 Extraordinary Maintenance	\$1,800	\$0	\$0	\$0	\$1,800	\$1,800
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$409,008	\$0	\$0	\$409,008	\$409,008
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$172,383	\$926	\$0	\$0	\$173,309	\$173,309
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$494,977	\$459,790	\$2,485	\$0	\$957,252	\$957,252
10010 Operating Transfer In	\$0	\$0	\$0	\$0	\$0	\$0
10020 Operating Transfer Out	\$0	\$0	\$0	\$0	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items: Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0

10080	Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10091	Inier Project Excess Cash Transfer In	\$0										\$0
10092	Inier Project Excess Cash Transfer Out	\$0										\$0
10093	Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10094	Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10100	Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$34,510	-\$42,773	\$137,130	\$6,034	\$134,901	\$0	\$0	\$0	\$0	\$0	\$134,901
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030	Beginning Equity	\$2,523,758	\$179,199	\$0	\$0	\$2,702,957	\$0	\$0	\$0	\$0	\$0	\$2,702,957
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$137,130		-\$137,130		\$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		\$2,898			\$2,898						\$2,898
11180	Housing Assistance Payments Equity		\$133,528			\$133,528						\$133,528
11190	Unit Months Available	1041	1800	0	0	2841	0	0	0	0	0	2841
11210	Number of Unit Months Leased	884	1102	0	0	1986	0	0	0	0	0	1986
11270	Excess Cash	\$575,152				\$575,152						\$575,152
11610	Land Purchases	\$0				\$0						\$0
11620	Building Purchases	\$345,399				\$345,399						\$345,399
11630	Furniture & Equipment - Dwelling Purchases	\$0				\$0						\$0
11640	Furniture & Equipment - Administrative Purchases	\$0				\$0						\$0
11650	Leasehold Improvements Purchases	\$0				\$0						\$0
11660	Infrastructure Purchases	\$0				\$0						\$0
13510	CFFP Debt Service Payments	\$0				\$0						\$0
13901	Replacement Housing Factor Funds	\$0				\$0						\$0

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Status of Prior Year Management letter items
Fiscal Year Ended September 30, 2010

Comment ML-2009-1

Interprogram amounts owed between programs

This is repeated as ML-2010-1

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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, 2010, 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 9, 2011, on the financial statements of the authority. Management's response has also been included.

Comment – ML 2010-01

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 9-30-2010. I observe that, although the S8 programs paid PIH substantial amounts during the 2010 FY, as of FYE the inter program and other S8 related problems still exists as of 9-30-2010, as follows:

HCV and PIH record an inter program from HCV to PIH in the amount of \$10,321, 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, as follows:

Per the General Ledger	
HAP Equity	\$133,528
Administrative Fee Equity	\$ 1,047
Inter program due	
To Low Rent	\$10,321
Subtotal Cash needed	\$144,896
Unrestricted Cash	\$3,683
Restricted Cash	\$133,528
Subtotal Cash	
Available	\$139,911

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 9-30-2011. 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 9-30-2011 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, 2010, 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, APAC

A Professional Accounting Corporation

February 9, 2011