

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

**Annual Financial Report
As of and for the Year Ended September 30, 2012**

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana
Basic Financial Statements
As of and for the Year Ended September 30, 2012
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, 2012, 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, 2012, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 26, 2013 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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Independent Auditor's Report, 2012

Page Two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements as a whole. The financial data schedule, schedule of expenditures of Federal awards, and the schedule of compensation of board members are presented for purposes of additional analysis and are not a required part of the financial statements. The financial data schedule and the schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by me in my audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit, the information is fairly stated in all material respects in relation to the financial statements as a whole. The schedule of compensation of board members has not been subjected to the auditing procedures applied by me to the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

William Daniel McCaskill

William Daniel McCaskill, CPA
A Professional Accounting Corporation

February 26, 2013

HOUSING AUTHORITY OF GRAMBLING, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

SEPTEMBER 30, 2012

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, 2012. 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 \$2,688,130 at the close of the fiscal year ended 2012.
 - ✓ Of this amount \$2,116,819 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts.
 - ✓ Also of this amount, \$47,759 of net assets are restricted for the Housing Choice Voucher program
 - ✓ The remainder of \$523,552 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations. As a measure of financial strength, this amount equals 52% of the total operating expenses of \$1,015,962 for the fiscal year 2012, which means the Authority might be able to operate about 6 months using the unrestricted assets alone, compared to 8 months in the prior fiscal year.
- The Housing Authority's total net assets decreased by \$111,644, a 4% decrease from the prior fiscal year 2011. This decrease is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- The decrease in net assets of these funds was accompanied by a decrease in unrestricted cash by \$136,408 from fiscal year 2011, primarily due to spending \$169,534 more for operations than Federal funds received for operations
- The Authority spent \$20,464 on capital asset additions and \$265,996 on construction in progress during the current fiscal year.
- These changes led to a decrease in total assets by \$101,083 and an increase in total liabilities by \$10,562. As related measure of financial health, there are still over \$9 of current assets covering each dollar of total current liabilities, which compares to \$11 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2012?" 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 | \$ 78,558 |
| Public Housing Capital Fund Program | 340,358 |
| Housing Choice Vouchers | <u>350,003</u> |
| Total funding received this current fiscal year | <u>\$ 768,919</u> |

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

Housing Authority of Grambling, Louisiana
Management's Discussion and Analysis (MD&A)
September 30, 2012

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$2,688,130 as of September 30, 2012. Of this amount, \$2,116,819 was invested in capital assets, and the remaining \$523,552 was unrestricted. There were \$47,759 in specific assets restricted Housing Choice Voucher (HCV) program.

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Assets
As of September 30, 2012**

| | <u>2012</u> | <u>2011</u> |
|--|------------------|------------------|
| ASSETS | | |
| Current assets | \$ 616,747 | \$690,438 |
| Assets restricted for Housing Choice Voucher (HCV) program, | 29,623 | 136,852 |
| Capital assets, net of depreciation | <u>2,116,819</u> | <u>2,055,117</u> |
| Total assets | <u>2,763,189</u> | <u>2,882,407</u> |
| LIABILITIES | | |
| Current liabilities | 54,097 | 64,498 |
| Non-current liabilities | <u>20,963</u> | <u>18,135</u> |
| Total liabilities | <u>75,060</u> | <u>82,633</u> |
| NET ASSETS | | |
| Invested in capital assets, net of depreciation | 2,116,819 | 2,055,117 |
| Net assets restricted for the Housing Choice Voucher program | 47,759 | 136,852 |
| Unrestricted net assets | <u>523,552</u> | <u>607,805</u> |
| Total net assets | <u>2,688,130</u> | <u>2,799,774</u> |
| Total liabilities and net assets | <u>2,763,189</u> | <u>2,882,407</u> |

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2012

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds decreased by \$111,644, or by 4%, from those of fiscal year 2011, 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 Inner-fund Transfers)
 Fiscal Year Ended September 30, 2012**

| | <u>2012</u> | <u>2011</u> |
|--|-------------|-------------|
| OPERATING REVENUES | | |
| Tenant rental revenue | \$ 99,649 | \$101,064 |
| Other tenant revenue | 8,012 | 11,258 |
| Total operating revenues | 107,661 | 112,322 |
| OPERATING EXPENSES | | |
| General | 71,429 | 72,338 |
| Maintenance and repairs | 117,949 | 73,196 |
| Administrative expenses and management fees | 204,778 | 179,698 |
| Utilities | 11,311 | 12,600 |
| Federal Housing Assistance Payments (HAP) to landlords | 398,039 | 373,573 |
| Depreciation | 210,931 | 176,718 |
| Tenant services | 1,525 | 971 |
| Extraordinary repairs | - | 750 |
| Total operating expenses | 1,015,962 | 889,844 |
| (Losses) from operations | (908,301) | (777,522) |
| NON-OPERATING REVENUES | | |
| Federal grants for operations | 496,286 | 664,268 |
| Interest income | 261 | 351 |
| Fraud Recovery | 9,129 | - |
| Other non-tenant revenue | 18,348 | 7,245 |
| Total Non-Operating Revenues | 524,024 | 671,864 |
| NON-OPERATING EXPENSES | | |
| Total non-operating expenses | - | - |
| (Losses) after non-operating revenues | (384,277) | (105,658) |
| OTHER CHANGES IN NET ASSETS | | |
| Federal grants for capital expenditures | 272,633 | 53,257 |
| NET (DECREASES) IN NET ASSETS | (111,644) | (52,401) |
| NET ASSETS, beginning of fiscal year | 2,797,513 | 2,852,175 |
| NET ASSETS, end of fiscal year | 2,688,130 | 2,799,774 |

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues increased \$66,874, or by 8%, from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue decreased by \$4,661, or by 4%, from that of the prior fiscal year, because occupancy rates decreased by 1%, and because the amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes decreased, so rent revenue from these tenants decreased accordingly, lowering the overall total. Finally, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) decreased by \$3,246, or by 29%.
- Federal revenues from HUD for operations decreased by \$167,982, or by 25%, from that of the prior fiscal year. Primarily due to reductions in HUD funding based on PHA reserve levels.
- Federal Capital Funds from HUD increased by \$219,376 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 2007 through 2011, and submitted a new grant during this current fiscal year.
- Total other non-operating revenue increased by \$20,231 from that of the prior fiscal year, because the Authority received dividends from workers' compensation proceeds, which are recorded as other income by the Authority in the year received. Also, the Authority's port-ins (admin fees/portability reimbursements) increased from the prior fiscal year.
- Interest income totaling \$261, did not change significantly from the prior to the current year.

Compared with the prior fiscal year, total operating and non-operating expenses increased \$126,119, or by 14%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense increased by \$34,214, or by 19%, from that of the prior fiscal year, because there was an increase in capital assets by \$245,532.
- Maintenance and repairs increased by \$44,003, or by 60%, from that of the prior fiscal year, due to several factors: Repair staff wages increased by \$4,213, and related employee benefit contributions increased by \$2,227. Also, materials used decreased by \$2,869, and contract labor costs increased by \$41,181. Extraordinary maintenance decreased by \$750 from that of the prior fiscal year.
- General Expenses decreased by \$908 from that of the prior fiscal year, and payments in lieu of taxes (PILOT) increased by \$48. PILOT is calculated as a percentage of rent minus utilities which, therefore, changed proportionately to the changes in each of these. Insurance premiums increased by \$1,756 (since property and casualty insurance premiums increased), whereas, other general expenses increased by \$5,068. Lastly, bad debts decreased by \$2,924, and compensated absences decreased by \$4,855 from that of the prior fiscal year.

Housing Authority of Grambling, Louisiana
 Management's Discussion and Analysis (MD&A)
 September 30, 2012

- Administrative Expenses increased by \$25,080, or by 14%, from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$283, and related employee benefit contributions increased by \$2,407; therefore, total staff salaries and benefit costs increased by 2%. In addition, audit fees increased by \$1,645 legal fees decreased by \$510; thus, total outside professional fees increased by 11%. Finally, staff training/travel reimbursements increased by \$15,143, office expenses decreased by \$2,799, and sundry expenses increased by \$8,910; therefore, other staff administrative expense increased by 54%.
- Housing Assistance Payments to landlords increased by \$24,466, or by 7%, from that of the prior fiscal year, because there was an increase in the number of tenants qualifying for subsidy during the year.
- Utilities Expense decreased by \$1,289, or by 10%, from that of the prior fiscal year, due to numerous cumulative factors: Water cost decreased by \$5, due to a decrease in consumption by 67%; electricity cost decreased by \$945, due to a decrease in consumption by 2%; gas cost decreased by \$103, due to a decrease in consumption by 1%; and finally, other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) decreased by \$339, or by 20%.
- Tenant services, totaling \$1,525, did not change significantly from the prior to the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2012, the Housing Authority had a total cost of \$6,175,541 invested in a broad range of assets and construction in progress from projects funded in 2007 through 2011, listed below. This amount, not including depreciation, represents increases of \$245,532 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, 2012**

| | <u>2012</u> | <u>2011</u> |
|--------------------------|------------------|------------------|
| Land | \$ 120,589 | \$120,589 |
| Construction in progress | 155,966 | 392,310 |
| Buildings | 1,760,072 | 1,378,518 |
| Leasehold improvements | 64,162 | 70,855 |
| Furniture and equipment | <u>16,030</u> | <u>92,845</u> |
| Total | <u>2,116,819</u> | <u>2,055,117</u> |

As of the end of the 2012 fiscal year, the Authority is still in the process of completing HUD grants of \$1,001,914 obtained during 2007 through 2011 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 2013 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, 2012

ASSETS**Current assets**

| | |
|---|----------------|
| Cash and cash equivalents | 317,747 |
| Receivables: | |
| HUD | 256,893 |
| Tenant rents, net of allowance | 1,991 |
| Prepaid insurance | 19,460 |
| Inventory, net of allowance | 332 |
| Restricted assets - cash and cash equivalents | 49,948 |
| | <hr/> |
| Total current assets | 646,371 |

Noncurrent assets

Capital assets:

Nondepreciable capital assets:

| | |
|-------------------------------------|---------------|
| Land | 120,589 |
| Construction in progress | 155,965 |
| Total nondepreciable capital assets | <hr/> 276,554 |

Depreciable capital assets:

| | |
|---|-------------------|
| Buildings and improvements | 5,653,632 |
| Furniture and equipment | 245,355 |
| Less accumulated depreciation | <hr/> (4,058,723) |
| Total depreciable capital assets, net of accumulated depreciation | <hr/> 1,840,264 |

| | |
|---|-----------------|
| Total capital assets, net of accumulated depreciation | <hr/> 2,116,818 |
|---|-----------------|

| | |
|---------------------|------------------------|
| Total assets | <hr/> 2,763,189 |
|---------------------|------------------------|

(continued)

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Assets
As of September 30, 2012

LIABILITIES**Current Liabilities**

| | |
|------------------------------|---------------|
| Accounts payable | 9,766 |
| Payable to other governments | 8,894 |
| Accrued wages payable | 3,089 |
| Accrued compensated absences | 3,729 |
| Deferred revenue | 7,240 |
| Other liability | 1,054 |
| Security deposit liability | <u>20,325</u> |

Total current liabilities 54,097

Noncurrent liabilities

| | |
|------------------------------|---------------|
| Accrued compensated absences | <u>20,963</u> |
|------------------------------|---------------|

Total noncurrent liabilities 20,963

Total liabilities 75,060

NET ASSETS

| | |
|---|----------------|
| Invested in capital assets, net of related debt | 2,116,818 |
| Restricted | 47,759 |
| Unrestricted | <u>523,552</u> |

Total net assets \$ 2,688,129

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

Exhibit B

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Revenues, Expenses, and Changes In Net Assets
For the Year ended September 30, 2012

| | |
|---|----------------------------|
| Operating Revenues | |
| HUD Operating Grants | \$ 496,286 |
| Dwelling Rental | 99,649 |
| Other Operating | <u>17,141</u> |
| Total operating revenues | <u>613,076</u> |
| Operating Expenses | |
| Housing Assistance Payments | 398,039 |
| General and administrative | 276,206 |
| Repairs and maintenance | 117,948 |
| Utilities | 11,311 |
| Tenant services | 1,525 |
| Depreciation and amortization | <u>210,933</u> |
| Total operating expenses | <u>1,015,962</u> |
| Operating income (loss) | (402,886) |
| Nonoperating Revenues (Expenses): | |
| Interest revenue | 51 |
| Miscellaneous revenues | <u>20,818</u> |
| Total nonoperating revenues (expenses) | <u>20,869</u> |
| Income (loss) before other revenues, expenses, gains, losses and transfers | (382,017) |
| Capital contributions (grants) | 272,633 |
| Increase (decrease) in net assets | (109,384) |
| Net assets, beginning of year - as restated | <u>2,797,513</u> |
| Net assets, end of year | <u><u>\$ 2,688,129</u></u> |

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

Housing Authority of the City of Grambling
Statement of Cash Flows
For the Year ended September 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------------|
| Receipts from federal subsidies | \$ 419,786 |
| Receipts from tenants | 118,092 |
| Payments to landlords | (398,039) |
| Payments to suppliers | (269,311) |
| Payments to employees | <u>(134,609)</u> |
| Net cash provided by operating activities | <u>(264,081)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|---|---------------|
| Miscellaneous revenues | <u>20,818</u> |
| Net cash provided by noncapital financing activities | <u>20,818</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|--|------------------|
| Proceeds from capital grants | 272,633 |
| Purchase and construction of capital assets | <u>(272,633)</u> |
| Net cash (used in) capital and related financing activities | <u>-</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-------------------|
| Interest received | <u>51</u> |
| Net cash provided by investing activities | <u>51</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(243,212)</u> |
| Cash and cash equivalents - beginning of year | <u>610,907</u> |
| Cash and Cash equivalents - unrestricted | 317,747 |
| Cash and Cash equivalents - restricted | 49,948 |
| Total Cash and Cash Equivalents - end of year | <u>\$ 367,695</u> |

Reconciliation of operating income (loss) to net cash provided by operating activities:

| | |
|---|---------------------|
| Operating (loss) | \$ (402,886) |
| Adjustments to reconcile operating (loss) to net cash provided by operating activities: | |
| Depreciation and amortization | 210,933 |
| Changes in assets and liabilities: | |
| HUD receivable | (76,500) |
| Tenant rents, net of allowance | 877 |
| Prepaid insurance | 1,175 |
| Inventories | 100 |
| Accounts payable | 480 |
| Accrued wages payable | (1,598) |
| PILOT Payable | 48 |
| Accrued compensated absences | 2,194 |
| HUD liability | 560 |
| Other liability | 111 |
| Security deposit liability | <u>425</u> |
| Net cash provided by operating activities | <u>\$ (264,081)</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, 2012

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, 2012 – 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, 2012 – Continued

(3) Measurement focus and basis of accounting

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this management focus all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

(4) Assets, liabilities, and net assets

(a) Deposits

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

(b) Inventory and prepaid items

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

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

(c) Restricted Assets

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

(d) Capital assets

Capital assets of the authority are included in the statement of net assets and are recorded at actual cost. The capitalization threshold is \$500. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2012 – Continued

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, 2012, the management of the authority established an allowance for doubtful accounts of approximately \$7,583.

(g) Compensated absences

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

Employees earn from 98 to 192 annual leave hours per year and may accumulate an unlimited number of annual leave hours. Employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. However, one employee, per written contract, shall be paid for all accumulated annual leave upon separation from employment with the authority. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned.

(h) Restricted net assets

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2012 – Continued

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

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

(i) Use of estimates

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

NOTE B – DEPOSITS

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

As of September 30, 2012, the authority’s carrying amount of deposits was \$367,695, which includes the following:

| | |
|--|-----------|
| Cash and cash equivalents-unrestricted | \$317,747 |
| Cash and cash equivalents- restricted | 49,948 |
| Total | \$367,695 |

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

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

Custodial Credit Risk—This is the risk that in the event of a bank failure, the authority’s deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$252,635 of the authority’s total deposits were

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2012 – Continued

covered by federal depository insurance, and do not have custodial credit risk. The remaining \$264,070 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, 2012 totaled \$516,705.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2012 was as follows:

| | <u>9 30 2011</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustment</u> | <u>9 30 2012</u> |
|--------------------------------|------------------|------------------|------------------|-------------------|------------------|
| Nondepreciable Assets: | | | | | |
| Land | 120,589 | | | | 120,589 |
| Construction in Progress | 392,309 | 155,965 | - | (392,309) | 155,965 |
| Depreciable Assets: | | | | | |
| Building and improvements | 5,151,289 | 110,031 | - | 392,309 | 5,653,629 |
| Furniture and equipment | <u>265,821</u> | <u>6,637</u> | <u>27,100</u> | | <u>245,358</u> |
| Total | <u>5,930,008</u> | <u>272,633</u> | <u>27,100</u> | <u>-</u> | <u>6,175,541</u> |
| Less accumulated depreciation | | | | | |
| Building and improvements | 3,683,770 | 200,564 | - | - | 3,884,334 |
| Furniture and equipment | <u>191,121</u> | <u>10,368</u> | <u>27,100</u> | <u>-</u> | <u>174,389</u> |
| Total accumulated depreciation | <u>3,874,891</u> | <u>210,932</u> | <u>27,100</u> | | <u>4,058,723</u> |
| Net Capital Assets | <u>2,055,117</u> | <u>61,701</u> | <u>-</u> | | <u>2,116,818</u> |

NOTE D – CONSTRUCTION COMMITMENTS

The authority is engaged in a modernization program and has entered into construction type contracts with approximately \$163,035 remaining until completion.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2012 – Continued

NOTE E – COMPENSATED ABSENCES

At September 30, 2012, employees of the authority have accumulated and vested \$24,692 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$20,963 is reported in long-term debt.

NOTE F – LONG TERM OBLIGATIONS

The following is a summary of the long term obligations for the year ended September 30, 2012.

| | Compensated Absences |
|-------------------------------------|---------------------------------|
| Balance as of October 1, 2011 | \$22,498 |
| Additions | 6,546 |
| Deductions | (4,352) |
| Balance as of September 30, 2012 | <u>24,692</u> |
| Amount due in one year (Short term) | <u>\$3,729</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.

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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2012 – Continued

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, 2012, was \$134,609. The authority's contributions were calculated using the base salary amount of \$91,404. The authority made the required contributions of \$6,852 for the year ended September 30, 2012.

NOTE 1 – RISK MANAGEMENT

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2012 – Continued

NOTE J – FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries. The authority is subject to HUD's consideration of reducing grants in order to have the authority utilize authority Equity to fund expenses.

NOTE K – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through February 26, 2013 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 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 \$768,919 to the authority, which represents approximately 85% 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***

INDEPENDENT AUDITOR'S REPORT

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, 2012 and have issued my report thereon dated February 26, 2013. 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

Management of the authority is responsible for establishing and maintaining effective 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 our opinions 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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*, 2012

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 26, 2013.

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 26, 2013

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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**

INDEPENDENT AUDITOR'S REPORT

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, 2012. 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, 2012

Page Two

As described in item F-2012-1 in the accompanying schedule of findings and questioned costs, the authority did not comply with requirements regarding Period of Availability of Federal funds and Davis Bacon act that are applicable to its Capital Fund Program/ARRA Cluster. Compliance with such requirements is necessary, in my opinion, for the authority to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, the authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

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 to determine the auditing procedures for the purpose of expressing my opinion on compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item F-2012-1 to be a material weakness.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Compliance...A-133, 2012
Page Three

The authority's responses to the findings identified in my 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 26, 2013

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2012**Section I—Summary of Auditor's Results***Financial Statements*

Type of auditor's report issued unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements
noted? yes no*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes 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? 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, 2012

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-12-1

FEDERAL PROGRAM IDENTIFICATION:

Awarding Agency and Year – HUD CY 2012

CFDA Title # 14.872

Program Name – Capital Fund Program

CRITERIA:

The PHA is required to follow HUD regulations applicable to its Capital Fund Program (CFP).

Regulations include specific dates identifying when CFP Grant Funds are required to be obligated.

Regulations require that the authority monitor applicable contractors for compliance with the Davis Bacon Act.

CONDITION:

GHA apparently did not meet the required obligation deadlines for all CFP Funding for the 2009 CFP Program.

The PHA did not monitor one of its contractors for Davis Bacon Compliance. Weekly certified payrolls were not provided to the authority.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2012

EFFECT:

The PHA did not meet Federal Period of Availability compliance requirements.

The PHA did not meet Davis Bacon Act compliance requirements.

QUESTIONED COSTS – NONE

PERSPECTIVE

The 2009 CFP Grant award was for \$129,910. The amount we tested that was not obligated in a timely manner per the regulations totaled \$61,999.

The contract tested that did not meet Davis Bacon requirements totaled \$201,250.

AUDITOR RECOMMENDATIONS:

I recommend that the PHA provide staff appropriate training so they are knowledgeable of the federal requirements and can ensure compliance with future projects.

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, 2012

Finding F-2011-1

Tenant file deficiencies

Current status – not repeated

Finding F-2011-2

Interprogram balances

Current status – not repeated

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Corrective Action Plan for Current Year Findings

For Fiscal Year Ended September 30, 2012

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Finding F-12-1

CORRECTIVE ACTION PLAN:

Person Responsible – Ms. Bridgett Tanner, Executive Director

Anticipated Completion Date – 6-30-2013

Action Planned

We will strictly adhere to our policies and procedures to ensure that we obligate all CGP Grant monies timely.

We will strictly adhere to our policies and procedures to ensure that we properly monitor all applicable contracts for Davis Bacon compliance.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended September 30, 2012

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, 2012

| <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 | \$ 78,558 |
| Housing Choice Voucher Program | 14.871 | 350,003 |
| Public Housing Capital Fund Program | 14.872 | 320,810 |
| ARRA - American Recovery and Reinvestment Act | 14.885 | 19,548 |
| | | |
| Total Federal Expenditures | | <u>\$ 768,919</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, 2012

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 | 78,558 |
| Housing Choice Voucher Program | 350,003 |
| Public Housing Capital Fund Program | 320,810 |
| ARRA - American Recovery and Reinvestment Act | 19,548 |

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.

Schedule 6 – Financial Data Schedule

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2012

| | Project Total | 14.871 Housing Choice Vouchers | 14.885 Formula Capital Fund Stimulus Grant | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|--|--------------|-----------|--------------|
| 111 Cash - Unrestricted | \$317,747 | \$0 | | \$317,747 | | \$317,747 |
| 112 Cash - Restricted - Modernization and Development | \$0 | \$0 | | \$0 | | \$0 |
| 113 Cash - Other Restricted | \$0 | \$29,623 | | \$29,623 | | \$29,623 |
| 114 Cash - Tenant Security Deposits | \$20,325 | \$0 | | \$20,325 | | \$20,325 |
| 115 Cash - Restricted for Payment of Current Liabilities | \$0 | \$0 | | \$0 | | \$0 |
| 100 Total Cash | \$338,072 | \$29,623 | \$0 | \$367,695 | \$0 | \$367,695 |
| 121 Accounts Receivable - PHA Projects | \$0 | \$0 | | \$0 | | \$0 |
| 122 Accounts Receivable - HUD Other Projects | \$243,426 | \$13,467 | | \$256,893 | | \$256,893 |
| 124 Accounts Receivable - Other Government | \$0 | \$0 | | \$0 | | \$0 |
| 125 Accounts Receivable - Miscellaneous | \$0 | \$0 | | \$0 | | \$0 |
| 126 Accounts Receivable - Tenants | \$9,574 | \$0 | | \$9,574 | | \$9,574 |
| 126.1 Allowance for Doubtful Accounts - Tenants | -\$7,583 | \$0 | | -\$7,583 | | -\$7,583 |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | \$0 | | \$0 | | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | \$0 | \$0 | | \$0 | | \$0 |
| 128 Fraud Recovery | \$0 | \$0 | | \$0 | | \$0 |
| 128.1 Allowance for Doubtful Accounts - Fraud | \$0 | \$0 | | \$0 | | \$0 |
| 129 Accrued Interest Receivable | \$0 | \$0 | | \$0 | | \$0 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$245,417 | \$13,467 | \$0 | \$258,884 | \$0 | \$258,884 |
| 131 Investments - Unrestricted | \$0 | \$0 | | \$0 | | \$0 |
| 132 Investments - Restricted | \$0 | \$0 | | \$0 | | \$0 |
| 135 Investments - Restricted for Payment of Current Liability | \$0 | \$0 | | \$0 | | \$0 |
| 142 Prepaid Expenses and Other Assets | \$19,268 | \$192 | | \$19,460 | | \$19,460 |
| 143 Inventories | \$349 | \$0 | | \$349 | | \$349 |
| 143.1 Allowance for Obsolete Inventories | -\$17 | \$0 | | -\$17 | | -\$17 |
| 144 Inter Program Due From | \$0 | \$10,967 | | \$10,967 | -\$10,967 | \$0 |
| 145 Assets Held for Sale | \$0 | \$0 | | \$0 | | \$0 |
| 150 Total Current Assets | \$603,089 | \$54,249 | \$0 | \$657,338 | -\$10,967 | \$646,371 |
| 161 Land | \$120,589 | \$0 | | \$120,589 | | \$120,589 |
| 162 Buildings | \$4,928,478 | \$0 | | \$4,928,478 | | \$4,928,478 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$48,583 | \$0 | | \$48,583 | | \$48,583 |
| 164 Furniture, Equipment & Machinery - Administration | \$193,996 | \$2,776 | | \$196,772 | | \$196,772 |
| 165 Leasehold Improvements | \$725,154 | \$0 | | \$725,154 | | \$725,154 |
| 166 Accumulated Depreciation | -\$4,058,947 | -\$2,776 | | -\$4,058,723 | | -\$4,058,723 |
| 167 Construction in Progress | \$155,965 | \$0 | | \$155,965 | | \$155,965 |
| 168 Infrastructure | \$0 | \$0 | | \$0 | | \$0 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$2,116,818 | \$0 | \$0 | \$2,116,818 | \$0 | \$2,116,818 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | \$0 | \$0 | | \$0 | | \$0 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | \$0 | \$0 | | \$0 | | \$0 |
| 173 Grants Receivable - Non Current | \$0 | \$0 | | \$0 | | \$0 |
| 174 Other Assets | \$0 | \$0 | | \$0 | | \$0 |
| 176 Investments in Joint Ventures | \$0 | \$0 | | \$0 | | \$0 |
| 180 Total Non-Current Assets | \$2,116,818 | \$0 | \$0 | \$2,116,818 | \$0 | \$2,116,818 |
| 190 Total Assets | \$2,719,907 | \$54,249 | \$0 | \$2,774,156 | -\$10,967 | \$2,763,189 |

Schedule 6 – Financial Data Schedule

| | | | | | | |
|---|-------------|----------|-----|-------------|-----------|-------------|
| 311 Bank Overdraft | \$0 | | | \$0 | | \$0 |
| 312 Accounts Payable <= 90 Days | \$9,766 | \$0 | | \$9,766 | | \$9,766 |
| 313 Accounts Payable >90 Days Past Due | \$0 | \$0 | | \$0 | | \$0 |
| 321 Accrued Wage/Payroll Taxes Payable | \$3,089 | \$0 | | \$3,089 | | \$3,089 |
| 322 Accrued Compensated Absences - Current Portion | \$3,097 | \$632 | | \$3,729 | | \$3,729 |
| 324 Accrued Contingency Liability | \$0 | \$0 | | \$0 | | \$0 |
| 325 Accrued Interest Payable | \$0 | \$0 | | \$0 | | \$0 |
| 331 Accounts Payable - HUD PHA Programs | | \$0 | | \$0 | | \$0 |
| 332 Account Payable - PHA Projects | \$0 | \$0 | | \$0 | | \$0 |
| 333 Accounts Payable - Other Government | \$8,894 | \$0 | | \$8,894 | | \$8,894 |
| 341 Tenant Security Deposits | \$20,325 | \$0 | | \$20,325 | | \$20,325 |
| 342 Deferred Revenues | \$7,240 | \$0 | | \$7,240 | | \$7,240 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | | \$0 | | \$0 | | \$0 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | \$0 | \$0 | | \$0 | | \$0 |
| 345 Other Current Liabilities | \$0 | \$0 | | \$0 | | \$0 |
| 346 Accrued Liabilities - Other | \$1,054 | \$0 | | \$1,054 | | \$1,054 |
| 347 Inter Program - Due To | \$10,967 | \$0 | | \$10,967 | -\$10,967 | \$0 |
| 348 Loan Liability - Current | | \$0 | | \$0 | | \$0 |
| 310 Total Current Liabilities | \$64,432 | \$632 | \$0 | \$65,064 | -\$10,967 | \$54,097 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | \$0 | | \$0 | | \$0 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | \$0 | \$0 | | \$0 | | \$0 |
| 353 Non-current Liabilities - Other | \$0 | \$0 | | \$0 | | \$0 |
| 354 Accrued Compensated Absences - Non Current | \$18,418 | \$2,545 | | \$20,963 | | \$20,963 |
| 355 Loan Liability - Non Current | | \$0 | | \$0 | | \$0 |
| 356 FASB 5 Liabilities | \$0 | \$0 | | \$0 | | \$0 |
| 357 Accrued Pension and OPEB Liabilities | \$0 | \$0 | | \$0 | | \$0 |
| 350 Total Non-Current Liabilities | \$18,418 | \$2,545 | \$0 | \$20,963 | \$0 | \$20,963 |
| 300 Total Liabilities | \$82,850 | \$3,177 | \$0 | \$86,027 | -\$10,967 | \$75,060 |
| 508.1 Invested In Capital Assets, Net of Related Debt | \$2,116,818 | \$0 | | \$2,116,818 | | \$2,116,818 |
| 511.1 Restricted Net Assets | \$0 | \$47,759 | | \$47,759 | | \$47,759 |
| 512.1 Unrestricted Net Assets | \$520,239 | \$3,313 | \$0 | \$523,552 | | \$523,552 |
| 513 Total Equity/Net Assets | \$2,637,057 | \$51,072 | \$0 | \$2,688,129 | \$0 | \$2,688,129 |
| 600 Total Liabilities and Equity/Net Assets | \$2,719,907 | \$54,249 | \$0 | \$2,774,156 | -\$10,967 | \$2,763,189 |

Schedule 6 – Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2012

| | Project Total | 14.871 Housing Choice Vouchers | 14.885 Formula Capital Fund Stimulus Grant | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|--|-----------|------|-----------|
| 70300 Net Tenant Rental Revenue | \$99,649 | \$0 | | \$99,649 | | \$99,649 |
| 70400 Tenant Revenue - Other | \$8,012 | \$0 | | \$8,012 | | \$8,012 |
| 70500 Total Tenant Revenue | \$107,661 | \$0 | \$0 | \$107,661 | \$0 | \$107,661 |
| 70600 HUD PHA Operating Grants | \$126,735 | \$350,003 | \$19,548 | \$496,286 | | \$496,286 |
| 70610 Capital Grants | \$272,633 | \$0 | | \$272,633 | | \$272,633 |
| 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 |
| 71100 Investment Income - Unrestricted | \$0 | | | \$0 | | \$0 |
| 71200 Mortgage Interest Income | \$0 | \$0 | | \$0 | | \$0 |
| 71300 Proceeds from Disposition of Assets Held for Sale | \$0 | \$0 | | \$0 | | \$0 |
| 71310 Cost of Sale of Assets | \$0 | \$0 | | \$0 | | \$0 |
| 71400 Fraud Recovery | \$0 | \$9,129 | | \$9,129 | | \$9,129 |
| 71500 Other Revenue | \$7,547 | \$13,271 | | \$20,818 | | \$20,818 |
| 71600 Gain or Loss on Sale of Capital Assets | \$0 | \$0 | | \$0 | | \$0 |
| 72000 Investment Income - Restricted | \$0 | \$51 | | \$51 | | \$51 |
| 70000 Total Revenue | \$514,576 | \$372,454 | \$19,548 | \$906,578 | \$0 | \$906,578 |
| 91100 Administrative Salaries | \$85,317 | \$19,331 | | \$104,648 | | \$104,648 |
| 91200 Auditing Fees | \$8,082 | \$3,463 | | \$11,545 | | \$11,545 |
| 91300 Management Fee | \$0 | \$0 | | \$0 | | \$0 |
| 91310 Book-keeping Fee | \$0 | \$0 | | \$0 | | \$0 |
| 91400 Advertising and Marketing | \$328 | \$0 | | \$328 | | \$328 |
| 91500 Employee Benefit contributions - Administrative | \$21,624 | \$6,369 | | \$27,993 | | \$27,993 |
| 91600 Office Expenses | \$19,847 | \$8,939 | | \$28,786 | | \$28,786 |
| 91700 Legal Expense | \$0 | \$0 | | \$0 | | \$0 |
| 91800 Travel | \$19,713 | \$0 | | \$19,713 | | \$19,713 |
| 91810 Allocated Overhead | \$0 | \$0 | | \$0 | | \$0 |
| 91900 Other | \$11,764 | \$0 | | \$11,764 | | \$11,764 |
| 91000 Total Operating - Administrative | \$166,675 | \$38,102 | \$0 | \$204,777 | \$0 | \$204,777 |
| 92000 Asset Management Fee | \$0 | \$0 | | \$0 | | \$0 |
| 92100 Tenant Services - Salaries | \$0 | \$0 | | \$0 | | \$0 |
| 92200 Relocation Costs | \$434 | \$0 | | \$434 | | \$434 |
| 92300 Employee Benefit Contributions - Tenant Services | \$0 | \$0 | | \$0 | | \$0 |
| 92400 Tenant Services - Other | \$1,091 | \$0 | | \$1,091 | | \$1,091 |
| 92500 Total Tenant Services | \$1,525 | \$0 | \$0 | \$1,525 | \$0 | \$1,525 |

Schedule 6 – Financial Data Schedule

| | | | | | | |
|---|-----------|-----------|----------|-----------|-----|-----------|
| 93100 Water | \$119 | \$0 | \$119 | \$119 | | |
| 93200 Electricity | \$9,814 | \$0 | \$9,814 | \$9,814 | | |
| 93300 Gas | \$1,263 | \$0 | \$1,263 | \$1,263 | | |
| 93400 Fuel | \$0 | \$0 | \$0 | \$0 | | |
| 93500 Labor | \$0 | \$0 | \$0 | \$0 | | |
| 93600 Sewer | \$115 | | \$115 | \$115 | | |
| 93700 Employee Benefit Contributions - Utilities | \$0 | \$0 | \$0 | \$0 | | |
| 93800 Other Utilities Expense | \$0 | \$0 | \$0 | \$0 | | |
| 93000 Total Utilities | \$11,311 | \$0 | \$0 | \$11,311 | \$0 | \$11,311 |
| 94100 Ordinary Maintenance and Operations - Labor | \$29,961 | \$0 | \$29,961 | \$29,961 | | |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$12,243 | \$0 | \$8,220 | \$20,463 | | \$20,463 |
| 94300 Ordinary Maintenance and Operations Contracts | \$51,476 | \$0 | \$11,328 | \$62,804 | | \$62,804 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$4,720 | \$0 | \$4,720 | \$4,720 | | \$4,720 |
| 94000 Total Maintenance | \$98,400 | \$0 | \$19,548 | \$117,948 | \$0 | \$117,948 |
| 95100 Protective Services - Labor | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 95200 Protective Services - Other Contract Costs | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 95300 Protective Services - Other | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 95500 Employee Benefit Contributions - Protective Services | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | \$19,229 | \$0 | \$19,229 | \$19,229 | | \$19,229 |
| 96120 Liability Insurance | \$7,475 | \$217 | \$7,692 | \$7,692 | | \$7,692 |
| 96130 Workmen's Compensation | \$5,070 | \$1,468 | \$6,538 | \$6,538 | | \$6,538 |
| 96140 All Other Insurance | \$5,536 | \$467 | \$6,003 | \$6,003 | | \$6,003 |
| 96100 Total Insurance Premiums | \$37,310 | \$2,152 | \$0 | \$39,462 | \$0 | \$39,462 |
| 96200 Other General Expenses | \$73 | \$9,280 | \$9,353 | \$9,353 | | \$9,353 |
| 96210 Compensated Absences | \$11,391 | \$0 | \$11,391 | \$11,391 | | \$11,391 |
| 96300 Payments in Lieu of Taxes | \$8,894 | \$0 | \$8,894 | \$8,894 | | \$8,894 |
| 96400 Bad debt - Tenant Rents | \$2,329 | \$0 | \$2,329 | \$2,329 | | \$2,329 |
| 96500 Bad debt - Mortgages | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 96600 Bad debt - Other | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 96800 Severance Expense | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 96000 Total Other General Expenses | \$22,687 | \$9,280 | \$0 | \$31,967 | \$0 | \$31,967 |
| 96710 Interest of Mortgage (or Bonds) Payable | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 96720 Interest on Notes Payable (Short and Long Term) | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 96730 Amortization of Bond Issue Costs | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96900 Total Operating Expenses | \$337,908 | \$49,534 | \$19,548 | \$406,990 | \$0 | \$406,990 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$176,668 | \$322,920 | \$0 | \$499,588 | \$0 | \$499,588 |

Schedule 6 – Financial Data Schedule

| | | | | | |
|---|-------------|-----------|-----------|-------------|-------------|
| 97100 Extraordinary Maintenance | \$0 | \$0 | \$0 | \$0 | \$0 |
| 97200 Casualty Losses - Non-capitalized | \$0 | \$0 | \$0 | \$0 | \$0 |
| 97300 Housing Assistance Payments | \$0 | \$390,399 | \$390,399 | \$390,399 | \$390,399 |
| 97350 HAP Portability-In | \$0 | \$7,640 | \$7,640 | \$7,640 | \$7,640 |
| 97400 Depreciation Expense | \$210,008 | \$925 | \$210,933 | \$210,933 | \$210,933 |
| 97500 Fraud Losses | \$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 |
| 90000 Total Expenses | \$547,916 | \$448,498 | \$19,548 | \$1,015,962 | \$0 |
| 10010 Operating Transfer In | \$48,177 | \$0 | \$48,177 | \$48,177 | \$48,177 |
| 10020 Operating transfer Out | -\$48,177 | \$0 | -\$48,177 | -\$48,177 | -\$48,177 |
| 10030 Operating Transfers from/to Primary Government | | \$0 | \$0 | \$0 | \$0 |
| 10040 Operating Transfers from/to Component Unit | \$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 |
| 10080 Special Items (Net Gain/Loss) | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10091 Inter Project Excess Cash Transfer In | \$0 | | \$0 | \$0 | \$0 |
| 10092 Inter Project Excess Cash Transfer Out | \$0 | | \$0 | \$0 | \$0 |
| 10093 Transfers between Program and Project - In | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10094 Transfers between Project and Program - Out | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$33,340 | -\$76,044 | \$0 | -\$109,384 | \$0 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11030 Beginning Equity | \$2,658,342 | \$127,116 | \$0 | \$2,785,458 | \$2,785,458 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$12,055 | | \$12,055 | \$12,055 | \$12,055 |
| 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 | | \$3,313 | \$3,313 | \$3,313 | \$3,313 |
| 11180 Housing Assistance Payments Equity | | \$47,759 | \$47,759 | \$47,759 | \$47,759 |
| 11190 Unit Months Available | 1038 | 1052 | 2090 | 2090 | 2090 |
| 11210 Number of Unit Months Leased | 970 | 1052 | 2022 | 2022 | 2022 |
| 11270 Excess Cash | \$490,898 | | \$490,898 | \$490,898 | \$490,898 |
| 11610 Land Purchases | \$0 | | \$0 | \$0 | \$0 |
| 11620 Building Purchases | \$265,996 | | \$265,996 | \$265,996 | \$265,996 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$2,850 | | \$2,850 | \$2,850 | \$2,850 |
| 11640 Furniture & Equipment - Administrative Purchases | \$3,787 | | \$3,787 | \$3,787 | \$3,787 |
| 11650 Leasehold Improvements Purchases | \$0 | | \$0 | \$0 | \$0 |
| 11660 Infrastructure Purchases | \$0 | | \$0 | \$0 | \$0 |
| 13510 CFFP Debt Service Payments | \$0 | | \$0 | \$0 | \$0 |
| 13901 Replacement Housing Factor Funds | \$0 | | \$0 | \$0 | \$0 |

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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, 2012, 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 26, 2013, on the financial statements of the authority. Management's response has also been included.

Comment – ML 2012-01

Management did not draw down any of the \$243,426 Public Housing Operating Subsidy available from HUD.

This is the second year whereby management did not timely draw down all of the Operating Subsidy available.

Management asserts that since GHA did not need the monies to operate there was no reason to draw the funds down.

Management asserts that funds on deposit at this time do not earn material amounts of interest so the issue is mute.

Management recorded an accrual of all funds available on the general ledger in a timely manner so grant revenues were properly recorded.

Auditor Comment – While I generally agree with management assertions described above I think

Cash Management requirements include drawing down all monies as soon as they are available.

Corrective Action Plan

Person Responsible – Executive Director

Anticipated Completion Date – 6-30-2013

Action Planned—In the future we will draw down all Operating Grants when they are available in order to satisfy cash management criteria.

Management Letter - continued

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, 2012, 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.

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February 26, 2013