

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

**Annual Financial Report  
As of and for the Year Ended September 30, 2019**

**HOUSING AUTHORITY OF THE CITY OF GRAMBLING**  
Grambling, Louisiana  
Basic Financial Statements  
As of and for the Year Ended September 30, 2019  
With Supplemental Information Schedules

CONTENTS

	Exhibit	Page
<b>Independent Auditor’s Report</b>		3
<b>Required Supplementary Information</b>		
Management’s Discussion and Analysis		6
<b>Basic Financial Statements:</b>		
Statement of Net Position	A	14
Statement of Revenues, Expenses and Changes in Net Position	B	15
Statement of Cash Flows	C	16
Notes to the Financial Statements		17
<b>Supplementary Information</b>		
Financial Data Schedule		26
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer		31
Agreed-Upon Procedures Report		32
<b>Other Reports Required by <i>Government Auditing Standards</i> and OMB Uniform Guidance:</b>		
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		42
Independent Auditor’s Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		44
Schedule of Expenditures of Federal Awards		47
Schedule of Current Year Findings and Questioned Costs		49
<b>Other Information</b>		
Schedule of Prior Audit Findings		54
Corrective Action Plan for Current Year Findings		55
Schedule of Compensation Paid Board Members		56

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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Housing Authority of the City of Grambling (the authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana  
Independent Auditor's Report, 2019  
Page Two

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the Housing Authority of the City of Grambling as of September 30, 2019, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

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

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the authority's basic financial statements. The Financial Data Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

## HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana  
Independent Auditor's Report, 2019  
Page Three

The Financial Data Schedule; the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and the Schedule of Expenditures 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Compensation of Board Members has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated May 22, 2020 on my consideration of the authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the authority's internal control over financial reporting and compliance.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

May 22, 2020

**Housing Authority of the City of Grambling**  
Grambling, Louisiana

Management's Discussion and Analysis

For the Year Ended September 30, 2019

**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, 2019. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.**

### **FINANCIAL HIGHLIGHTS**

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
  
- The Housing Authority's assets exceeded its liabilities by \$1,792,161 at the close of the fiscal year ended 2019.
  - ✓ Of this amount \$1,406,557 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, \$6,522 of net position is restricted for the Housing Choice Voucher program.
  
  - ✓ The remainder of \$379,082 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 56% of the total operating expenses of \$682,818 for the fiscal year 2019, which means the Authority might be able to operate about 7 months using the unrestricted assets alone, compared to 5 months in the prior fiscal year.
  
- The Housing Authority's total net position increased by \$28,966, a 2% increase from the prior fiscal year 2018. This increase is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
  
- The decrease in net position of these funds was accompanied by a decrease in unrestricted cash by \$180,921 from fiscal year 2018, primarily due to spending \$1,936 less for operations than Federal funds received for operations; spending \$182,858 more for capital assets than Federal capital grants received.
  
- The Authority spent \$232,915 on capital asset additions and \$1,785 on construction in progress during the current fiscal year.
  
- These changes led to an increase in total assets by \$50,481 and an increase in total liabilities by \$21,515. As related measure of financial health, there are still over \$6 of current assets covering each dollar of total current liabilities, which compares to \$8 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 2019?" The Statement of net position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**Fund Financial Statements**

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

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

**USING THIS ANNUAL REPORT**

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

Low Rent Public Housing	\$ 262,695
Housing Choice Voucher Program	351,803
Public Housing Capital Fund Program	<u>241,190</u>
Total funding received this current fiscal year	<u><u>\$ 855,688</u></u>

Housing Authority of Grambling, LA  
 Management's Discussion and Analysis (MD&A)  
 September 30, 2019

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

**FINANCIAL ANALYSIS**

The Housing Authority's net position was \$1,792,161 as of September 30, 2019. Of this amount, \$1,406,557 was invested in capital assets, and the remaining \$379,082 was unrestricted. There were \$6,522 in specific assets restricted Housing Choice Voucher (HCV) program, for future housing payment reserves.

**CONDENSED FINANCIAL STATEMENTS**

**Condensed Statement of Net Position  
 As of September 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets	\$ 527,994	\$ 542,615
Assets restricted for Housing Choice Voucher (HCV) program,	6,522	-
Capital assets, net of depreciation	1,406,557	1,347,977
Other non-current assets	-	-
Total assets	1,941,073	1,890,592
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred payments to government assistance programs	-	-
<b>LIABILITIES</b>		
Current liabilities	90,920	70,849
Non-current liabilities	57,992	56,547
Total liabilities	148,912	127,396
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenues from government assistance programs	-	-
<b>NET POSITION</b>		
Invested in capital assets, net of depreciation	1,406,557	1,347,976
Net position restricted for the Housing Choice Voucher program	6,522	-
Unrestricted net position	379,082	415,220
Total net position	\$ 1,792,161	\$1,763,196

Housing Authority of Grambling, LA  
Management's Discussion and Analysis (MD&A)  
September 30, 2019

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The net position of these funds increased by \$28,966, or by 2%, from those of fiscal year 2018, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Fiscal Year Ended September 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>Total Changes</u>
<b>OPERATING REVENUES</b>			
Tenant rental revenue	\$ 133,767	\$ 138,144	\$ (4,377)
Government grants for operations	623,059	555,078	67,981
Other tenant revenue	6,339	8,519	(2,180)
Total operating revenues	<u>763,165</u>	<u>701,741</u>	<u>61,424</u>
<b>OPERATING EXPENSES</b>			
General	74,385	72,594	1,791
Ordinary maintenance and repairs	147,766	153,674	(5,908)
Administrative expenses and management fees	280,846	252,125	28,721
Utilities	13,618	12,842	776
Federal Housing Assistance Payments (HAP) to landlords & Ports	307,796	313,595	(5,799)
Depreciation	179,906	176,302	3,604
Tenant services	500	731	(231)
Total operating expenses	<u>1,004,818</u>	<u>981,863</u>	<u>22,955</u>
Income (losses) from operations	<u>(241,653)</u>	<u>(280,122)</u>	<u>38,469</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	167	252	(85)
Other non-tenant revenue	37,822	10,711	27,111
Total non-operating revenues (expenses)	<u>37,989</u>	<u>10,963</u>	<u>27,026</u>
Income (losses) before capital contributions	<u>(203,663)</u>	<u>(269,159)</u>	<u>65,496</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>232,629</u>	<u>95,000</u>	<u>137,629</u>
<b>CHANGES IN NET POSITION</b>	<u>28,966</u>	<u>(174,159)</u>	<u>203,125</u>
<b>NET POSITION, BEGINNING OF FISCAL YEAR</b>	<u>1,763,196</u>	<u>1,937,355</u>	<u>(174,159)</u>
<b>NET POSITION, END OF FISCAL YEAR</b>	<u>\$ 1,792,161</u>	<u>\$ 1,763,196</u>	<u>\$ 28,965</u>

## EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and non-operating revenues increased \$226,079, or by 28%, from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue decreased by \$6,557, or by 4%, from that of the prior fiscal year, primarily because occupancy rates decreased by 5%.
- Federal revenues from HUD for operations increased by \$67,981, or by 12%, from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount.
- Federal Capital Funds from HUD increased by \$137,629, 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 2016 through 2018 and submitted a new grant during fiscal year 2019.
- Total other non-operating revenue increased by \$27,111, from that of the prior fiscal year, because the Authority received portability reimbursements as well as portability administrative fees, which are recorded as other income by the Authority in the year received.
- Interest income totaling \$167, did not change significantly from the prior to the current year.

Compared with the prior fiscal year, total operating and non-operating expenses increased \$22,954, or by 2%, 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 \$3,603, or by 2%, from that of the prior fiscal year, because there was an increase in capital assets by \$238,486.
- Maintenance and repairs decreased by \$5,908, or by 4%, from that of the prior fiscal year, due to several factors: Materials used increased by \$11,926, and contract labor costs decreased by \$17,834.
- General Expenses increased by \$1,791, or by 2%, from that of the prior fiscal year, and payments in lieu of taxes (PILOT) decreased by \$667, or by 5%. PILOT is calculated as a percentage of rent minus utilities, which changed proportionately to the changes in each of these. Insurance premiums increased by \$5,455, since property and casualty insurance premiums increased. Other general expenses decreased by \$12,525, and compensated absences increased by \$9,528.
- Administrative Expenses increased by \$28,721, or by 11%, from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries decreased by \$11,214, and related employee benefit contributions increased by \$6,405; therefore, total staff salaries and benefit costs decreased by 3%. In addition, audit fees increased by \$8,118, and legal fees increased by \$4,690; thus, total outside professional fees increased by 83%. Lastly, staffs travels reimbursements increased by \$850, office expenses increased by \$9,169, but sundry expenses increased by \$10,703; therefore, other staff administrative expense increased by 32%.

Housing Authority of Grambling, LA  
 Management's Discussion and Analysis (MD&A)  
 September 30, 2019

- Housing Assistance Payments to landlords decreased by \$5,799, or by 2%, from that of the prior fiscal year, because there was a decrease in the number of tenants housed during the year.
- Utilities Expense increased by \$776, or by 6%, from that of the prior fiscal year, due to a combination of factors: Water cost decreased by \$34; electricity cost decreased by \$175; gas cost increased by \$542; and, other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) increased by \$986, or by 74%.
- Tenant services, totaling \$500, did not change significantly from the prior to the current year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2019, the Housing Authority had a total cost of \$6,920,465 invested in a broad range of assets and construction in progress from projects funded in 2016 through 2018, listed below. This amount, not including depreciation, represents increases of \$238,486 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, 2019**

	<u>2019</u>	<u>2018</u>
Land	\$ 120,589	\$ 120,589
Construction in progress	1,785	-
Buildings	264,250	1,171,641
Leasehold improvements	729,304	31,231
Furniture and equipment	290,629	24,516
Total	\$ 1,406,557	\$1,347,977

As of the end of the 2019 fiscal year, the Authority is still in the process of completing HUD grants of \$418,458 obtained during 2016 through 2018 fiscal years.

**Debt**

Non-current liabilities 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 2020 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; PO BOX 626; Grambling, LA 71245.

**Housing Authority of the City of Grambling**  
**Grambling, Louisiana**  
Statement of Net Position  
As of September 30, 2019

**ASSETS****Current assets**

Cash and cash equivalents	240,184
Receivables:	
HUD	239,773
Tenant rents, net of allowance	138
Fraud recovery, net of allowance	46
Prepaid expenses	26,520
Inventory, net of allowance	683
Restricted assets - cash and cash equivalents	<u>27,172</u>

**Total current assets** 534,516

**Noncurrent assets**

## Capital assets:

## Nondepreciable capital assets:

Land	120,589
Construction in progress	1,785
Total nondepreciable capital assets	<u>122,374</u>

## Depreciable capital assets:

Buildings and improvements	6,504,686
Furniture and equipment	293,405
Less accumulated depreciation	<u>(5,513,908)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>1,284,183</u>

Total capital assets, net of accumulated depreciation 1,406,557

**TOTAL ASSETS**

1,941,073

**LIABILITIES AND NET POSITION****Current Liabilities**

Accounts payable	10,551
Payable to other governments	24,605
Accrued wages payable	27,155
Accrued compensated absences	4,157
Unearned revenue	2,485
Other liability	1,317
Security deposit liability	<u>20,650</u>

**Total current liabilities** 90,920

**Noncurrent liabilities**

Accrued compensated absences	<u>57,992</u>
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**Total noncurrent liabilities** 57,992

**TOTAL LIABILITIES**

148,912

**NET POSITION**

Net investments in Capital Assets	1,406,557
Restricted	6,522
Unrestricted	<u>379,082</u>

**TOTAL NET POSITION** \$ 1,792,161

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

**Housing Authority of the City of Grambling**  
Grambling, Louisiana  
Statement of Revenues, Expenses, and Changes In Net Position  
For the Year Ended September 30, 2019

<b>Operating Revenues</b>	
HUD Operating Grants	\$ 623,059
Dwelling Rental	133,767
Other Operating	<u>6,339</u>
<b>Total operating revenues</b>	<u>763,165</u>
<b>Operating Expenses</b>	
Housing Assistance Payments	307,796
General and administrative	355,232
Repairs and maintenance	147,766
Utilities	13,618
Tenant services	500
Depreciation and amortization	<u>179,905</u>
<b>Total operating expenses</b>	<u>1,004,817</u>
<b>Operating income (loss)</b>	(241,652)
<b>Nonoperating Revenues (Expenses):</b>	
Interest revenue	167
Miscellaneous revenues	<u>37,821</u>
<b>Total nonoperating revenues (expenses)</b>	<u>37,988</u>
<b>Income (loss) before other revenues, expenses, gains, losses and transfers</b>	(203,664)
Capital contributions (grants)	232,629
<b>Increase (decrease) in net position</b>	28,965
<b>Net position, beginning of year</b>	<u>1,763,196</u>
<b>Net position, end of year</b>	<u><u>\$ 1,792,161</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, 2019

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from federal subsidies	\$ 450,112
Receipts from tenants	148,143
Payments to landlords	(307,796)
Payments to suppliers	(379,880)
Payments to employees	<u>(123,681)</u>
<b>Net cash provided by operating activities</b>	<u>(213,102)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Miscellaneous revenues	<u>37,821</u>
<b>Net cash provided by noncapital financing activities</b>	<u>37,821</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from capital grants	232,629
Purchase and construction of capital assets	<u>(238,436)</u>
<b>Net cash (used in) capital and related financing activities</b>	<u>(5,807)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>167</u>
<b>Net cash provided by investing activities</b>	<u>167</u>
Net increase (decrease) in cash and cash equivalents	<u>(180,921)</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>448,277</u>
Cash and Cash equivalents - unrestricted	240,184
Cash and Cash equivalents - restricted	27,172
<b>Total Cash and Cash Equivalents - end of year</b>	<u>\$ 267,356</u>

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

Operating (loss)	\$ (241,652)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	179,905
Changes in assets and liabilities:	
HUD receivable	(172,947)
Tenant rents, net of allowance	5,442
Miscellaneous receivables	4,470
Prepaid insurance	(10,118)
Inventories	331
Accounts payable	(1,395)
Accrued wages payable	15,431
PILOT Payable	12,015
Accrued compensated absences	1,100
Unearned revenue	(4,054)
Other liability	245
Security deposit liability	<u>(1,875)</u>
<b>Net cash provided by operating activities</b>	<u>\$ (213,102)</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, 2019

### *NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

#### (1) Reporting Entity

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

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

GASB Statement No. 14, as amended by GASB statement No. 39 and GASB Statement No. 61, establishes criteria for determining the governmental reporting entity. Under provisions of this statement, the authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in the GASB statements, fiscally independent means that the authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The authority has no component units, defined by the GASB statements as other legally separate organizations for which the elected authority members are financially accountable.

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

(2) Funds

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

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

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

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

(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 positions.

(4) Assets, liabilities, and net Position

(a) Deposits

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

(b) Inventory and prepaid items

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

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

(c) Restricted Assets

Cash equal to the amount of tenant security deposits and Housing Assistance Payment reserves are reflected as restricted.

(d) Capital assets

Capital assets of the authority are included in the statement of net positions and are recorded at actual cost. The capitalization threshold is \$1,000. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

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

**HOUSING AUTHORITY OF THE CITY OF GRAMBLING**

GRAMBLING, LOUISIANA

Notes to the Financial Statements, 2019 - continued

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

(e) Due from/to other governments or agencies

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

(f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At September 30, 2019, the management of the authority established an allowance for doubtful accounts of approximately \$11,174.

(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 Position

Net positions are reported as restricted when constraints placed on net positions 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.

**HOUSING AUTHORITY OF THE CITY OF GRAMBLING**

GRAMBLING, LOUISIANA

Notes to the Financial Statements, 2019 - continued

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

(i) Use of estimates

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

**NOTE B – DEPOSITS**

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

As of September 30, 2019, the authority's carrying amount of deposits was \$267,356, which includes the following:

Cash and cash equivalents-unrestricted	\$178,414
Cash and cash equivalents- restricted	88,942
Total	\$267,356

**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. \$252,708 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$45,864 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, 2019 totaled \$298,572.

**HOUSING AUTHORITY OF THE CITY OF GRAMBLING**  
**GRAMBLING, LOUISIANA**  
Notes to the Financial Statements, 2019 - continued

**NOTE C - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2019 was as follows:

	<u>9 30 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>9 30 2019</u>
<b>Nondepreciable Assets:</b>				
Land	\$ 120,589			\$ 120,589
Construction in Progress	-	1,785	-	1,785
<b>Depreciable Assets:</b>				
Building and improvements	6,271,771	232,915	-	6,504,686
Furniture and equipment	<u>289,619</u>	<u>3,786</u>	<u>-</u>	<u>293,405</u>
Total	<u>6,681,979</u>	<u>238,486</u>	<u>-</u>	<u>6,920,465</u>
Less accumulated depreciation				
Building and improvements	5,127,856	172,735	-	5,300,591
Furniture and equipment	<u>206,146</u>	<u>7,171</u>	<u>-</u>	<u>213,317</u>
Total accumulated depreciation	<u>5,334,002</u>	<u>179,906</u>	<u>-</u>	<u>5,513,908</u>
Net Capital Assets	<u>\$ 1,347,977</u>	<u>\$ 58,580</u>	<u>\$ -</u>	<u>\$ 1,406,557</u>

**NOTE D – COMPENSATED ABSENCES**

At September 30, 2019, employees of the authority have accumulated and vested \$62,149 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$57,992 is reported in long-term debt.

**NOTE E – LONG TERM OBLIGATIONS**

As of September 30, 2019, long term obligations consisted of compensated absences in the amount of \$57,992. The following is a summary of the changes in the long term obligations for the year ended September 30, 2019.

**HOUSING AUTHORITY OF THE CITY OF GRAMBLING**  
 GRAMBLING, LOUISIANA  
 Notes to the Financial Statements, 2019 - continued

	<b>Compensated Absences</b>
Balance as of October 1, 2018	\$21,049
Additions	10,481
Deductions	(9,381)
Balance as of September 30, 2019	<u>62,149</u>
Long term portion	<u>57,992</u>
Amount due in one year (Short term)	<u>\$4,157</u>

**NOTE F – POST EMPLOYMENT RETIREMENT BENEFITS**

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

**NOTE G - RETIREMENT PLAN**

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

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

The authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the authority. No payments were made out of the forfeiture account.

**HOUSING AUTHORITY OF THE CITY OF GRAMBLING**

GRAMBLING, LOUISIANA

Notes to the Financial Statements, 2019 - continued

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, 2019, was \$123,681. The authority's contributions were calculated using the base salary amount of \$72,483. The authority made the required contributions of \$5,436 for the year ended September 30, 2019.

*NOTE H – RISK MANAGEMENT*

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

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

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

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

*NOTE I – FEDERAL COMPLIANCE CONTINGENCIES*

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

*NOTE J – SUBSEQUENT EVENTS*

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements.

**HOUSING AUTHORITY OF THE CITY OF GRAMBLING**

GRAMBLING, LOUISIANA

Notes to the Financial Statements, 2019 - continued

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 May 22, 2020 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

*NOTE K – ECONOMIC DEPENDENCE*

Financial Accounting Standards Boards Accounting Standards Codification 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$855,688 to the authority, which represents approximately 83% of the authority's total revenue for the year.

# Financial Data Schedule

Housing Authority of the Town of Grambling (LA097)  
Grambling, LA  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$156,303	\$83,881	\$240,184		\$240,184
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$6,522	\$6,522		\$6,522
114 Cash - Tenant Security Deposits	\$20,650	\$0	\$20,650		\$20,650
115 Cash - Restricted for Payment of Current Liabilities	\$0		\$0		\$0
100 Total Cash	\$176,953	\$90,403	\$267,356	\$0	\$267,356
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$239,773	\$0	\$239,773		\$239,773
124 Accounts Receivable - Other Government	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$284	\$0	\$284		\$284
126.1 Allowance for Doubtful Accounts - Tenants	-\$146	\$0	-\$146		-\$146
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	\$11,074	\$11,074		\$11,074
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$11,028	-\$11,028		-\$11,028
129 Accrued Interest Receivable	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$239,911	\$46	\$239,957	\$0	\$239,957
131 Investments - Unrestricted	\$0	\$0	\$0		\$0
132 Investments - Restricted	\$0		\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0		\$0		\$0
142 Prepaid Expenses and Other Assets	\$25,690	\$830	\$26,520		\$26,520
143 Inventories	\$719	\$0	\$719		\$719
143.1 Allowance for Obsolete Inventories	-\$36	\$0	-\$36		-\$36
144 Inter Program Due From	\$71,231		\$71,231	-\$71,231	\$0
145 Assets Held for Sale	\$0	\$0	\$0		\$0
150 Total Current Assets	\$514,468	\$91,279	\$605,747	-\$71,231	\$534,516
161 Land	\$120,589	\$0	\$120,589		\$120,589
162 Buildings	\$5,775,382	\$0	\$5,775,382		\$5,775,382
163 Furniture, Equipment & Machinery - Dwellings	\$52,573	\$0	\$52,573		\$52,573
164 Furniture, Equipment & Machinery - Administration	\$238,056	\$2,776	\$240,832		\$240,832
165 Leasehold Improvements	\$729,304	\$0	\$729,304		\$729,304
166 Accumulated Depreciation	-\$5,511,132	-\$2,776	-\$5,513,908		-\$5,513,908
167 Construction in Progress	\$1,785	\$0	\$1,785		\$1,785
168 Infrastructure	\$0	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,406,557	\$0	\$1,406,557	\$0	\$1,406,557
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current	\$0	\$0	\$0		\$0
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,406,557	\$0	\$1,406,557	\$0	\$1,406,557
200 Deferred Outflow of Resources	\$0	\$0	\$0		\$0
290 Total Assets and Deferred Outflow of Resources	\$1,921,025	\$91,279	\$2,012,304	-\$71,231	\$1,941,073

# Financial Data Schedule

Housing Authority of the Town of Grambling (LA097)  
Grambling, LA  
**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft	\$0	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$10,551	\$0	\$10,551		\$10,551
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$27,155	\$0	\$27,155		\$27,155
322 Accrued Compensated Absences - Current Portion	\$3,956	\$201	\$4,157		\$4,157
324 Accrued Contingency Liability	\$0	\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0		\$0
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects	\$0	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$24,605	\$0	\$24,605		\$24,605
341 Tenant Security Deposits	\$20,650	\$0	\$20,650		\$20,650
342 Unearned Revenue	\$2,485		\$2,485		\$2,485
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$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	\$1,317	\$0	\$1,317		\$1,317
347 Inter Program - Due To	\$0	\$71,231	\$71,231	-\$71,231	\$0
348 Loan Liability - Current					
<b>310 Total Current Liabilities</b>	<b>\$90,719</b>	<b>\$71,432</b>	<b>\$162,151</b>	<b>-\$71,231</b>	<b>\$90,920</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
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	\$55,087	\$2,905	\$57,992		\$57,992
355 Loan Liability - Non Current					
356 FASB 5 Liabilities	\$0	\$0	\$0		\$0
357 Accrued Pension and OPEB Liabilities					
<b>350 Total Non-Current Liabilities</b>	<b>\$55,087</b>	<b>\$2,905</b>	<b>\$57,992</b>	<b>\$0</b>	<b>\$57,992</b>
<b>300 Total Liabilities</b>	<b>\$145,806</b>	<b>\$74,337</b>	<b>\$220,143</b>	<b>-\$71,231</b>	<b>\$148,912</b>
400 Deferred Inflow of Resources	\$0	\$0	\$0		\$0
508.4 Net Investment in Capital Assets	\$1,406,557	\$0	\$1,406,557		\$1,406,557
511.4 Restricted Net Position	\$0	\$6,522	\$6,522		\$6,522
512.4 Unrestricted Net Position	\$368,662	\$10,420	\$379,082		\$379,082
513 Total Equity - Net Assets / Position	\$1,775,219	\$16,942	\$1,792,161	\$0	\$1,792,161
<b>600 Total Liabilities, Deferred Inflows of Resources and Equity - Net</b>	<b>\$1,921,025</b>	<b>\$91,279</b>	<b>\$2,012,304</b>	<b>-\$71,231</b>	<b>\$1,941,073</b>

# Financial Data Schedule

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

### Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$133,767	\$0	\$133,767		\$133,767
70400 Tenant Revenue - Other	\$6,339	\$0	\$6,339		\$6,339
70500 Total Tenant Revenue	\$140,106	\$0	\$140,106	\$0	\$140,106
70600 HUD PHA Operating Grants	\$271,256	\$351,803	\$623,059		\$623,059
70610 Capital Grants	\$232,629	\$0	\$232,629		\$232,629
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	\$126	\$41	\$167		\$167
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	\$0	\$0		\$0
71500 Other Revenue	\$12,126	\$25,695	\$37,821		\$37,821
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0	\$0		\$0
70000 Total Revenue	\$656,243	\$377,539	\$1,033,782	\$0	\$1,033,782
91100 Administrative Salaries	\$118,386	\$5,295	\$123,681		\$123,681
91200 Auditing Fees	\$22,437	\$1,181	\$23,618		\$23,618
91300 Management Fee					
91310 Book-keeping Fee	\$0	\$0	\$0		\$0
91400 Advertising and Marketing	\$0	\$0	\$0		\$0
91500 Employee Benefit contributions - Administrative	\$41,933	\$1,121	\$43,054		\$43,054
91600 Office Expenses	\$47,995	\$4,839	\$52,834		\$52,834
91700 Legal Expense	\$4,690	\$0	\$4,690		\$4,690
91800 Travel	\$14,969	\$619	\$15,588		\$15,588
91810 Allocated Overhead	\$0	\$0	\$0		\$0
91900 Other	\$16,785	\$597	\$17,382		\$17,382
91000 Total Operating - Administrative	\$267,195	\$13,652	\$280,847	\$0	\$280,847
92000 Asset Management Fee	\$0	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0		\$0
92200 Relocation Costs	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0		\$0
92400 Tenant Services - Other	\$500	\$0	\$500		\$500
92500 Total Tenant Services	\$500	\$0	\$500	\$0	\$500

# Financial Data Schedule

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

### Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
93100 Water	\$487	\$0	\$487		\$487
93200 Electricity	\$10,808	\$0	\$10,808		\$10,808
93300 Gas	\$1,586	\$0	\$1,586		\$1,586
93400 Fuel	\$0	\$0	\$0		\$0
93500 Labor	\$0	\$0	\$0		\$0
93600 Sewer	\$498	\$0	\$498		\$498
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0		\$0
93800 Other Utilities Expense	\$239	\$0	\$239		\$239
93000 Total Utilities	\$13,618	\$0	\$13,618	\$0	\$13,618
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0		\$0
94200 Ordinary Maintenance and Operations - Materials and Other	\$29,034	\$0	\$29,034		\$29,034
94300 Ordinary Maintenance and Operations Contracts	\$118,732	\$0	\$118,732		\$118,732
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0		\$0
94000 Total Maintenance	\$147,766	\$0	\$147,766	\$0	\$147,766
95100 Protective Services - Labor	\$0	\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0		\$0
95300 Protective Services - Other	\$0	\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0		\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$22,681	\$0	\$22,681		\$22,681
96120 Liability Insurance	\$8,372	\$0	\$8,372		\$8,372
96130 Workmen's Compensation	\$8,856	\$401	\$9,257		\$9,257
96140 All Other Insurance	\$2,053	\$24	\$2,077		\$2,077
96100 Total insurance Premiums	\$41,962	\$425	\$42,387	\$0	\$42,387
96200 Other General Expenses	\$0	\$126	\$126		\$126
96210 Compensated Absences	\$19,857	\$0	\$19,857		\$19,857
96300 Payments in Lieu of Taxes	\$12,015	\$0	\$12,015		\$12,015
96400 Bad debt - Tenant Rents	\$0	\$0	\$0		\$0
96500 Bad debt - Mortgages	\$0	\$0	\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0		\$0
96800 Severance Expense	\$0	\$0	\$0		\$0
96000 Total Other General Expenses	\$31,872	\$126	\$31,998	\$0	\$31,998
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$502,913	\$14,203	\$517,116	\$0	\$517,116
97000 Excess of Operating Revenue over Operating Expenses	\$153,330	\$363,336	\$516,666	\$0	\$516,666

# Financial Data Schedule

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

### Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	\$0	\$0	\$0		\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0		\$0
97300 Housing Assistance Payments	\$0	\$298,427	\$298,427		\$298,427
97350 HAP Portability-In	\$0	\$9,369	\$9,369		\$9,369
97400 Depreciation Expense	\$179,905	\$0	\$179,905		\$179,905
97500 Fraud Losses	\$0	\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense	\$0	\$0	\$0		\$0
90000 Total Expenses	\$682,818	\$321,999	\$1,004,817	\$0	\$1,004,817
10010 Operating Transfer In	\$0	\$0	\$0		\$0
10020 Operating transfer Out	\$0	\$0	\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0		\$0
10094 Transfers between Project and Program - Out	\$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	-\$26,575	\$55,540	\$28,965	\$0	\$28,965
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,801,794	-\$38,598	\$1,763,196		\$1,763,196
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0		\$0
11170 Administrative Fee Equity		\$10,420	\$10,420		\$10,420
11180 Housing Assistance Payments Equity		\$6,522	\$6,522		\$6,522
11190 Unit Months Available	1028	850	1878		1878
11210 Number of Unit Months Leased	937	850	1787		1787
11270 Excess Cash	\$356,180		\$356,180		\$356,180
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$232,629		\$232,629		\$232,629
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0		\$0
11650 Leasehold Improvements Purchases	\$0		\$0		\$0
11660 Infrastructure Purchases	\$0		\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0		\$0

## Housing Authority of the City of Grambling

### Schedule of Compensation, Benefits and Other Payments to Agency Head

or Chief Executive Officer

For the Year Ended September 30, 2019

Bridgett Tanner, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$67,488
Benefits-insurance	\$9,595
Benefits-retirement (Less: employee withholding)	\$5,267
Car allowance	NA
Reported value of the use of a vehicle provided by the agency for this FY, this should correspond to IRS reporting.	NA
Travel	NA
Unvouchered Expenses (such as advances not settled up @ FYE)	NA
All other	NA

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures enumerated below, which were agreed to by Grambling Housing Authority Housing Authority (Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The Authority's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Results of procedures performed:**

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

**Disaster Recovery/Business Continuity** – the authority's written procedures do not adequately address all of the requirements listed above.

**Debt Service** – N/A

**Management's response/corrective action plan:**

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

***Board (or Finance Committee, if applicable)***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
  - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**Results of procedures performed:**

- a) **Exception - The board did not meet monthly as required by the by-laws. No meetings were held during the months of October 2018, November 2018, July 2019 and August 2019.**
- b) **Exception - The minutes did not include monthly budget to actual comparisons of the general fund.**
- c) **The prior year report did not report a negative unrestricted fund balance.**

**Management's response/corrective action plan:**

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

***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

**Management represents that the list is complete.**

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results of procedures performed:**

**a] Exception - The bank reconciliations we tested were not completed within 2 months of the statement closing date.**

**b] Management reviewed each bank reconciliation.**

**c] Exception – the 2 bank reconciliations that we tested included 20 checks on the Low Rent reconciliation and 11 checks on the HCV reconciliation that were older than 12 months. There was no documentation that these checks were researched.**

**Management’s response/corrective action plan:**

**We will provide our accountant all necessary documents so that the bank reconciliations can be completed timely. We will also begin researching all outstanding checks over 12 months old.**

**Collections (excluding ETFs)**

---

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**There were no prior year exceptions in this category, these procedures are omitted.**

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Management represents that the list is complete.**

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**We performed the above listed procedures and noted no exceptions.**

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable

**We performed the above listed procedures and noted no exceptions.**

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Management represents that the list is complete.**

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

**We performed the above listed procedures and noted no exceptions.**

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**We performed the above listed procedures and noted no exceptions.**

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

**Management represents that the list is complete.**

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**We performed the above listed procedure and noted no exceptions.**

***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

**Management represents that the list is complete.**

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**We performed the above listed procedures and noted no exceptions.**

### ***Payroll and Personnel***

---

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**There were no prior year exceptions in this category, these procedures are omitted.**

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**We performed the above listed procedures and noted no exceptions.**

### ***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

**Not applicable.**

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Not applicable.**

### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**The notice is properly posted.**

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

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

*William Daniel McCaskill*

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Mandeville, Louisiana

May 22, 2020

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**Independent Auditor's Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Grambling, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated May 22, 2020.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control.

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

## HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Report on Internal Control... *Government Auditing Standards*, 2019

Page Two

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings to be a material weakness. See Finding 2019-001.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Finding 2019-001.

### The Authority's Response to Finding

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

May 22, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

I have audited the Housing Authority of the City of Grambling's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the authority's major federal programs for the year ended September 30, 2019. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

## **HOUSING AUTHORITY OF THE CITY OF GRAMBLING**

Grambling, Louisiana  
Report on Compliance...Uniform Guidance, 2019  
Page Two

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the authority's compliance.

### ***Basis for Qualified Opinion on the Housing Choice Voucher Program***

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA No. 14.871 Housing Choice Voucher Program as described in finding number 2019-002 for Eligibility. Compliance with such requirements is necessary, in my opinion, for the Authority to comply with the requirements applicable to that program.

### ***Qualified Opinion on the Housing Choice Voucher Program***

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Housing Choice Voucher Program for the year ended September 30, 2019.

### **Other Matters**

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

### **Report on Internal Control Over Compliance**

Management of the authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be a material weakness.

## HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Report on Compliance...Uniform Guidance, 2019

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 2019-002 to be a material weakness.

The Authority's response to the internal control over compliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

May 22, 2020

**Housing Authority of the City of Grambling**  
 Grambling, Louisiana  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2019

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
<b>U.S. Department of Housing and Urban Development:</b>		
Direct Programs:		
Low Rent Public Housing	14.850a	\$ 262,695
Housing Choice Voucher Program	14.871	351,803
Public Housing Capital Fund Program	14.872	241,190
Total Federal Expenditures		<u>\$ 855,688</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, 2019

### NOTE A—Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

### NOTE B—Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

### NOTE C – Relationship to Basic Financial Statements

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

Public and Indian Housing—Low Rent Program	\$262,695
Housing Choice Voucher Program	351,803
Capital Fund Program	\$241,190

### NOTE D – Relationship to Federal Financial Reports

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

### NOTE E- FEDERAL AWARDS

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

# HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2019

## Section I—Summary of Auditor's Results

### *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?   X   yes        no

### *Federal Awards*

Internal control over major programs:

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

Type of auditor's report issued on compliance for Major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)   X   yes        no

Identification of major federal programs:

CFDA	Name of Federal Program
14.871	Housing Choice Voucher Program

**HOUSING AUTHORITY OF THE CITY OF GRAMBLING**  
Grambling, Louisiana

Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2019

The dollar threshold used for distinguishing between Type A and B programs was \$750,000.

Auditee qualified as a low-risk auditee?                     yes     no

**SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT**

**FINDING 2019-001                    WEAK INTERNAL CONTROLS**

**Program: ENTITY WIDE**

**Condition:**

- a) This 9/30/2019 audit is being published in June 2020 and therefore it is late per State law. Note that it is timely per federal regulations.
- b) As of September 30, 2019, management nor the board has reviewed any current monthly financial statements.
- c) Improper loan of funds between programs. At fiscal year end the HCV program owed the Low Rent program \$71,231. The authority did not make any payments from the HCV to Low Rent during the fiscal year in order to reduce the balance owed.

**Criteria:**

- a) In accordance with Louisiana State Law RS 24:513A (5) (a) (i), the authority is required to complete and submit each annual audit within 6 months after fiscal year end. Federal regulations allow 9 months after fiscal year end.
- b) Proper internal controls include management's periodic reviews of current financials including monitoring budget vs. actual.

# HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana  
Schedule of Findings (continued)  
Fiscal Year Ended September 30, 2019

- c) Federal Regulations prohibit Federally funded programs from loaning monies to any other programs. Any advances of funds from one program to another in a pooled account should be repaid regularly and timely.

## **Cause:**

- a) Required documents were not made available to the fee accountant and the auditor in time to complete the audit timely.
- b) Timely financial statements were not available for management's review.
- c) Without current financial statements the authority cannot adequately monitor and address the amounts owed between programs in a pooled account.

## **Effect:**

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

## **PHA Response**

See corrective action plan

# HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana  
Schedule of Findings (continued)  
Fiscal Year Ended September 30, 2019

## SECTION III - FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAMS AUDIT

### FINDING 2019-002

**Program: HOUSING CHOICE VOUCHER - CFDA 14.871**

**Condition:**

The authority did not have adequate controls over tenant files to include the required Enterprise Income Verification (EIV) documentation. We noted 7 of the 12 files we tested where the EIV documentation was not included in the file.

**Criteria:**

HUD's EIV regulation at 24 CFR 5.233 (See Notice PIH 2010-19) requires the use of the EIV system in its entirety to verify tenant employment and income during mandatory recertifications of family composition and income and to reduce administrative and subsidy payment errors. In addition, HUD regulations require that the Authority perform certain prescribed verification procedures and obtain the required documentation to assure that tenants qualify for section 8 housing and that amounts submitted to HUD for tenant assistance are properly calculated.

**Cause:**

The Authority did not maintain adequate controls over required documentation in tenant files.

**Effect:**

The Authority is not in compliance with HUD regulations.

# HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana  
Schedule of Findings (continued)  
Fiscal Year Ended September 30, 2019

## **Questioned Costs:**

None

## **Recommendation:**

The Authority should establish controls to ensure that the EIV system is being used to verify tenant employment and income during recertifications and should improve review procedures and increase training to employees and reviewers to ensure that the Authority is in compliance with HUD rules for verification of tenant information and calculation of tenant portion of the rent.

## **Management's 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, 2019

**FINDING 2018-001      WEAK INTERNAL CONTROLS**

This is repeated as FINDING 2019-001

# **HOUSING AUTHORITY OF THE CITY OF GRAMBLING**

Grambling, Louisiana

Corrective Action Plan for Current Year Findings

For Fiscal Year Ended September 30, 2019

## **FINDING 2019-001**

### **Action Planned**

- a) We take complete responsibility for the late audit. The executive director's health has improved and we are catching up on our responsibilities.
- b) We are working hard to catch up the financial statements so that they will be produced timely and then review them and make decisions based on timely information.
- c) We will make regular payments, at least quarterly in order to reduce the amount owed between programs.

## **FINDING 2019-002**

### **Action Planned**

We concur with the auditor's recommendation and are in the process of establishing controls (including review procedures) to ensure that the EIV system use is properly documented and to ensure that HUD program requirements are being followed.

**HOUSING AUTHORITY OF THE CITY OF GRAMBLING**  
Grambling, Louisiana

Schedule of Compensation Paid to Board Members  
Fiscal Year Ended September 30, 2019

Board members serve without compensation.