

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

**Annual Financial Report
As of and for the Year Ended September 30, 2018**

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
 Grambling, Louisiana
 Basic Financial Statements
 As of and for the Year Ended September 30, 2018
 With Supplemental Information Schedules

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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, 2018, 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.

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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, 2018, 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 now 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 presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The Financial Data Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer 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 June 7, 2019 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

William Daniel McCaskill, CPA
A Professional Accounting Corporation

June 7, 2019

HOUSING AUTHORITY OF GRAMBLING, LA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

September 30, 2018

The management of Housing Authority of Grambling, LA presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2018. 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 \$1,763,196 at the close of the fiscal year ended 2018.
 - ✓ Of this amount \$1,347,977 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated liabilities
 - ✓ Also, of this amount, the Housing Choice Voucher program has a (\$38,598) net position.
 - ✓ The remainder of \$415,219 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 42% of the total operating expenses of \$981,863 for the fiscal year 2018, which means the Authority might be able to operate about 5 months using the unrestricted assets alone, compared to 6 months in the prior fiscal year.
- The Housing Authority's total net position decreased by \$174,159, a 9% decrease from the prior fiscal year 2017.
- The decrease in net position of these funds was accompanied by a decrease in unrestricted cash by \$71,359 from fiscal year 2017.
- The Authority Spent \$132,558 on capital asset additions.
- These changes led to a decrease in total assets by \$148,956 and an increase in total liabilities by \$25,203. As related measure of financial health, there are still over \$8 of current assets covering each dollar of total current liabilities, which compares to \$12 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 2018?" 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:

Public Housing Capital Fund Program	\$ 95,000
Low Rent Public Housing	253,505
Housing Choice Vouchers	<u>301,573</u>
Total funding received this current fiscal year	<u>\$ 650,078</u>

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

FINANCIAL ANALYSIS

The Housing Authority's net position was \$1,763,196 as of September 30, 2018. Of this amount, \$1,347,977 was invested in capital assets and \$415,219 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general net position.

Housing Authority of Grambling, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2018

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position
 As of September 30, 2018**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets	\$ 542,615	\$ 606,021
Assets restricted for Housing Choice Voucher (HCV) program	-	41,806
Capital assets, net of depreciation	<u>1,347,977</u>	<u>1,391,721</u>
Total assets	<u>1,890,592</u>	<u>2,039,548</u>
LIABILITIES		
Current liabilities	70,849	51,754
Non-current liabilities	<u>56,547</u>	<u>50,439</u>
Total liabilities	<u>127,396</u>	<u>102,193</u>
NET POSITION		
Invested in capital assets, net of depreciation	1,347,977	1,391,721
Net position restricted for the Housing Choice Voucher program	-	41,806
Unrestricted net position	<u>415,219</u>	<u>503,828</u>
Total net position	<u>\$ 1,763,196</u>	<u>\$ 1,937,355</u>

The net position of these funds decreased by \$174,159, or by 9%, from those of fiscal year 2017, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

Housing Authority of Grambling, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2018

CONDENSED FINANCIAL STATEMENTS (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
Fiscal Year Ended September 30, 2018

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Tenant Revenue	\$ 146,663	\$ 181,086
HUD grants for operations	555,078	701,688
Other non-tenant revenue	10,711	31,891
Total operating revenues	<u>712,452</u>	<u>914,665</u>
OPERATING EXPENSES		
General	72,594	144,223
Ordinary maintenance and repairs	153,674	85,284
Administrative expenses and management fees	252,125	207,591
Utilities	12,842	13,165
Tenant services	731	18
Federal Housing Assistance Payments (HAP) to landlords & Ports	313,595	331,489
Depreciation	176,302	194,224
Total operating expenses	<u>981,863</u>	<u>975,994</u>
Income (losses) from operations	<u>(269,411)</u>	<u>(61,329)</u>
NON-OPERATING REVENUES		
Interest income	252	256
Total non-operating revenues	<u>252</u>	<u>256</u>
Income (losses) before capital contributions	(269,159)	(61,073)
CAPITAL CONTRIBUTIONS	<u>95,000</u>	<u>-</u>
CHANGES IN NET POSITION	<u>(174,159)</u>	<u>(61,073)</u>
NET POSITION - BEGINNING	1,937,355	1,998,428
NET POSITION - END	<u>\$ 1,763,196</u>	<u>\$ 1,937,355</u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and capital contributions decreased \$107,213 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue decreased by \$34,423 from that of the prior fiscal year because the amount of rent each tenant pays is based on a sliding scale of their personal income. Included in this total is other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) which decreased by \$21,793.
- Federal revenues from HUD for operations decreased by \$146,610 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. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant.
- Federal Capital Funds from HUD increased by \$95,000 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 2015. The grants for fiscal year 2016 through 2018 are available, but have not been used.
- Total other operating revenue decreased by \$21,180 and interest income decreased by \$4 from the prior fiscal year.

Compared with the prior fiscal year, total operating expenses increased \$5,869, or by 1%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense decreased by \$17,922 from that of the prior fiscal year.
- Maintenance and repairs increased by \$68,390 from that of the prior fiscal year due to changes in the following: Repair staff wages decreased by \$14,670 and related employee benefit contributions decreased by \$1,081. Materials used increased by \$14,018 and contract labor costs increased by \$70,123.
- General Expenses decreased by \$71,629 from that of the prior fiscal year. Payments in lieu of taxes (PILOT) decreased by \$1,139. PILOT is calculated as a percentage of rent minus utilities and therefore changed proportionately to the changes in each of these. Insurance premiums decreased by \$52 and other general expenses decreased by \$70,236. Lastly, compensated absences decreased by \$202.
- Administrative Expenses increased by \$44,534 from that of the prior fiscal year due to a combination of factors. Administrative staff salaries increased by \$27,613 and related employee benefit contributions increased by \$2,786; therefore, total staff salaries and benefit costs increased. Outside professional fees changed as follows: audit fees increased by \$174. In addition, staff travel reimbursements increased by \$14,738, office expenses increased by \$5,362 and sundry expenses decreased by \$6,139.
- Housing Assistance Payments to landlords decreased by \$17,894 from that of the prior fiscal year partly because there was a decrease in the number of tenants qualifying for subsidy during the year.
- Utilities Expense decreased by \$323 from that of the prior fiscal year because water cost increased by \$319, electricity cost decreased by \$737, gas cost increased by \$33, and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) increased by \$62.
- Total Tenant Services increased by \$713 from that of the prior fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2018, the Housing Authority had a total cost of \$6,681,979 invested in a broad range of assets and construction in progress from projects funded in 2015 through 2018, listed below. This amount, not including depreciation, represents increases of \$132,558 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Statement of Capital Assets
 As of September 30, 2018**

	<u>2018</u>	<u>2017</u>
Land	\$ 120,589	\$ 120,589
Buildings	5,542,467	5,439,128
Leasehold improvements	729,304	729,304
Furniture and equipment	289,619	260,400
Accumulated Depreciation	<u>(5,334,002)</u>	<u>(5,157,700)</u>
Total	<u>\$ 1,347,977</u>	<u>\$ 1,391,721</u>

As of the end of the 2018 fiscal year, the Authority is still in the process of completing HUD grants of \$106,571 obtained during 2015 fiscal years.

Debt

Non-current liabilities also include accrued annual 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 2019 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 T. Tanner, at Housing Authority of Grambling, LA; PO Box 626, Grambling, LA 71245.

Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Position
As of September 30, 2018

ASSETS

Current assets

Cash and cash equivalents	425,752
Receivables:	
HUD	66,826
Tenant rents, net of allowance	5,580
Fraud recovery, net of allowance	46
Miscellaneous, net of allowance	4,470
Prepaid expenses	16,402
Inventory, net of allowance	1,014
Restricted assets - cash and cash equivalents	<u>22,525</u>

Total current assets	<u><u>542,615</u></u>
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Noncurrent assets

Capital assets:

Nondepreciable capital assets:

Land	120,589
Construction in progress	-
Total nondepreciable capital assets	<u><u>120,589</u></u>

Depreciable capital assets:

Buildings and improvements	6,271,771
Furniture and equipment	289,619
Less accumulated depreciation	<u>(5,334,002)</u>
Total depreciable capital assets, net of accumulated depreciation	<u><u>1,227,388</u></u>

Total capital assets, net of accumulated depreciation	<u><u>1,347,977</u></u>
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Total assets	<u><u>1,890,592</u></u>
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TOTAL ASSETS	<u><u>1,890,592</u></u>
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(continued)

**Housing Authority of the City of Grambling
Grambling, Louisiana
Statement of Net Position
As of September 30, 2018**

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	11,897
Payable to other governments	12,590
Accrued wages payable	11,724
Accrued compensated absences	4,502
Unearned revenue	6,539
Other liability	1,072
Security deposit liability	22,525
	<u>70,849</u>

Total current liabilities

Noncurrent liabilities

Accrued compensated absences	56,547
	<u>56,547</u>

Total noncurrent liabilities

TOTAL LIABILITIES

127,396

NET POSITION

Net Investments in Capital Assets	1,347,977
Restricted	-
Unrestricted	415,219
	<u>415,219</u>

TOTAL NET POSITION

\$ 1,763,196

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, 2018

Operating Revenues	
HUD Operating Grants	\$ 555,078
Dwelling Rental	138,144
Other Operating	<u>17,033</u>
Total operating revenues	<u>710,255</u>
Operating Expenses	
Housing Assistance Payments	313,595
General and administrative	324,719
Repairs and maintenance	153,674
Utilities	12,842
Tenant services	731
Depreciation and amortization	<u>176,302</u>
Total operating expenses	<u>981,863</u>
Operating income (loss)	(271,608)
Nonoperating Revenues (Expenses):	
Interest revenue	252
Miscellaneous revenues	<u>2,197</u>
Total nonoperating revenues (expenses)	<u>2,449</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	(269,159)
Capital contributions (grants)	95,000
Increase (decrease) in net position	(174,159)
Net position, beginning of year	<u>1,937,355</u>
Net position, end of year	<u><u>\$ 1,763,196</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from federal subsidies	\$ 558,639
Receipts from tenants	149,922
Payments to landlords	(313,595)
Payments to suppliers	(338,628)
Payments to employees	<u>(134,895)</u>
Net cash provided by operating activities	<u>(78,557)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	2,197
Net cash provided by noncapital financing activities	<u>2,197</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grants	95,000
Purchase and construction of capital assets	<u>(132,557)</u>
Net cash (used in) capital and related financing activities	<u>(37,557)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>252</u>
Net cash provided by investing activities	<u>252</u>
Net increase (decrease) in cash and cash equivalents	<u>(113,665)</u>
Cash and cash equivalents - beginning of year	<u>561,942</u>
Cash and Cash equivalents - unrestricted	425,752
Cash and Cash equivalents - restricted	22,525
Total Cash and Cash Equivalents - end of year	<u>\$ 448,277</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (271,608)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	176,302
Changes in assets and liabilities:	
HUD receivable	3,561
Tenant rents, net of allowance	(5,255)
Miscellaneous receivables	(3,798)
Prepaid insurance	(2,610)
Inventories	(351)
Accounts payable	6,458
Accrued wages payable	7,602
PILOT Payable	(1,231)
Accrued compensated absences	6,188
Unearned revenue	6,539
Other liability	146
Security deposit liability	<u>(500)</u>
Net cash provided by operating activities	<u>\$ (78,557)</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, 2018

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.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2018 – Continued

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

(2) Funds

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2018 – Continued

(3) Measurement focus and basis of accounting

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this management focus all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

(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 is reflected as restricted.

(d) Capital assets

Capital assets of the authority are included in the statement of net position 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, 2018 – 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, 2018, the management of the authority established an allowance for doubtful accounts of approximately \$11,028.

(g) Compensated absences

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

Employees earn from 98 to 192 annual leave hours per year and may accumulate an unlimited number of annual leave hours. Employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. 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

Restricted net positions are reported as restricted when constraints placed on net positions use are either:

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2018 – Continued

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

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted 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, 2018, the authority's carrying amount of deposits was \$448,277, which includes the following:

Cash and cash equivalents-unrestricted	\$425,752
Cash and cash equivalents- restricted	22,525
Total	\$448,277

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

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

Custodial Credit Risk—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2018 – Continued

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 \$235,380 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, 2018 totaled \$488,088.

NOTE C - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2018 was as follows:

	<u>9 30 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>9 30 2018</u>
Nondepreciable Assets:				
Land	\$ 120,589	\$ -	\$ -	\$ 120,589
Construction in Progress	-	-	-	-
Depreciable Assets:				
Building and improvements	6,168,433	103,338	-	6,271,771
Furniture and equipment	<u>260,400</u>	<u>29,219</u>	<u>-</u>	<u>289,619</u>
Total	<u>6,549,422</u>	<u>132,557</u>	<u>-</u>	<u>6,681,979</u>
Less accumulated depreciation				
Building and improvements	4,958,375	169,481	-	5,127,856
Furniture and equipment	<u>199,325</u>	<u>6,821</u>	<u>-</u>	<u>206,146</u>
Total accumulated depreciation	<u>5,157,700</u>	<u>176,302</u>	<u>-</u>	<u>5,334,002</u>
Net Capital Assets	<u>\$ 1,391,722</u>	<u>\$ (43,745)</u>	<u>\$ -</u>	<u>\$ 1,347,977</u>

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2018 – Continued

NOTE E – COMPENSATED ABSENCES

At September 30, 2018, employees of the authority have accumulated and vested \$61,049 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$56,547 is reported in long-term debt.

NOTE F – LONG TERM OBLIGATIONS

As of September 30, 2018, long term obligations consisted of compensated absences in the amount of \$56,547. The following is a summary of the changes in the long term obligations for the year ended September 30, 2018.

	Compensated Absences
Balance as of October 1, 2017	\$54,861
Additions	9,566
Deductions	(3,378)
Balance as of September 30, 2018	<u>61,049</u>
Long Term Portion	<u>56,547</u>
Amount due in one year (Short term)	<u>\$4,502</u>

NOTE G – POST EMPLOYMENT RETIREMENT BENEFITS

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

NOTE H - RETIREMENT PLAN

The authority participates in the Housing Agency Retirement Trust plan, administered by Mercer, which is a defined contribution plan. The plan consists

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2018 – Continued

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.

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, 2018, was \$134,895. The authority's contributions were calculated using the base salary amount of \$124,560. The authority made the required contributions of \$9,336 for the year ended September 30, 2018.

NOTE 1 – RISK MANAGEMENT

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

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

This includes coverage of property, general liability, public liability, and workers compensation. The risk pool and insurance contracted are obligated to meet

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Notes to the Financial Statements, 2018 – Continued

settlements up to the maximum coverage, after the authority's deductions are met.

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

NOTE J – FEDERAL COMPLIANCE CONTINGENCIES

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

NOTE K – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through June 7, 2019 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE L – ECONOMIC DEPENDENCE

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 \$650,078 to the authority, which represents approximately 80% 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/Non Single Audit

Fiscal Year End: 09/30/2018

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$417,214	\$8,538	\$425,752		\$425,752
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$0	\$0		\$0
114 Cash - Tenant Security Deposits	\$22,525		\$22,525		\$22,525
115 Cash - Restricted for Payment of Current Liabilities		\$0	\$0		\$0
100 Total Cash	\$439,739	\$8,538	\$448,277	\$0	\$448,277
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$46,862	\$19,964	\$66,826		\$66,826
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous		\$4,470	\$4,470		\$4,470
126 Accounts Receivable - Tenants	\$5,580	\$0	\$5,580		\$5,580
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		\$11,074	\$11,074		\$11,074
128.1 Allowance for Doubtful Accounts - Fraud		-\$11,028	-\$11,028		-\$11,028
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$52,442	\$24,480	\$76,922	\$0	\$76,922
131 Investments - Unrestricted	\$0		\$0		\$0
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$16,402		\$16,402		\$16,402
143 Inventories	\$1,067		\$1,067		\$1,067
143.1 Allowance for Obsolete Inventories	-\$53		-\$53		-\$53
144 Inter Program Due From	\$56,143		\$56,143	-\$56,143	\$0
145 Assets Held for Sale					
150 Total Current Assets	\$565,740	\$33,018	\$598,758	-\$56,143	\$542,615
161 Land	\$120,589		\$120,589		\$120,589
162 Buildings	\$5,542,467		\$5,542,467		\$5,542,467
163 Furniture, Equipment & Machinery - Dwellings	\$52,573		\$52,573		\$52,573
164 Furniture, Equipment & Machinery - Administration	\$234,270	\$2,776	\$237,046		\$237,046
165 Leasehold Improvements	\$729,304		\$729,304		\$729,304
166 Accumulated Depreciation	-\$5,331,226	-\$2,776	-\$5,334,002		-\$5,334,002
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,347,977	\$0	\$1,347,977	\$0	\$1,347,977
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$1,347,977	\$0	\$1,347,977	\$0	\$1,347,977
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$1,913,717	\$33,018	\$1,946,735	-\$56,143	\$1,890,592

Financial Data Schedule

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 09/30/2018

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$11,897		\$11,897		\$11,897
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$11,724		\$11,724		\$11,724
322 Accrued Compensated Absences - Current Portion	\$3,346	\$1,156	\$4,502		\$4,502
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$12,590		\$12,590		\$12,590
341 Tenant Security Deposits	\$22,525		\$22,525		\$22,525
342 Unearned Revenue	\$6,539		\$6,539		\$6,539
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$1,072		\$1,072		\$1,072
347 Inter Program - Due To		\$56,143	\$56,143	-\$56,143	\$0
348 Loan Liability - Current					
310 Total Current Liabilities	\$69,693	\$57,299	\$126,992	-\$56,143	\$70,849
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$42,230	\$14,317	\$56,547		\$56,547
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$42,230	\$14,317	\$56,547	\$0	\$56,547
300 Total Liabilities	\$111,923	\$71,616	\$183,539	-\$56,143	\$127,396
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$1,347,977		\$1,347,977		\$1,347,977
511.4 Restricted Net Position					
512.4 Unrestricted Net Position	\$453,817	-\$38,598	\$415,219		\$415,219
513 Total Equity - Net Assets / Position	\$1,801,794	-\$38,598	\$1,763,196	\$0	\$1,763,196
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,913,717	\$33,018	\$1,946,735	-\$56,143	\$1,890,592

Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 09/30/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$138,144		\$138,144		\$138,144
70400 Tenant Revenue - Other	\$8,519		\$8,519		\$8,519
70500 Total Tenant Revenue	\$146,663	\$0	\$146,663		\$146,663
70600 HUD PHA Operating Grants	\$253,505	\$301,573	\$555,078		\$555,078
70610 Capital Grants	\$95,000		\$95,000		\$95,000
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$234	\$18	\$252		\$252
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue		\$10,711	\$10,711		\$10,711
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$495,402	\$312,302	\$807,704		\$807,704
91100 Administrative Salaries	\$101,171	\$33,724	\$134,895		\$134,895
91200 Auditing Fees	\$7,750	\$7,750	\$15,500		\$15,500
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$158	\$15	\$173		\$173
91500 Employee Benefit contributions - Administrative	\$34,777	\$1,871	\$36,648		\$36,648
91600 Office Expenses	\$31,975	\$11,690	\$43,665		\$43,665
91700 Legal Expense					
91800 Travel	\$13,264	\$1,474	\$14,738		\$14,738
91810 Allocated Overhead					
91900 Other	\$6,236	\$270	\$6,506		\$6,506
91000 Total Operating - Administrative	\$195,331	\$56,794	\$252,125		\$252,125
92000 Asset Management Fee	\$0	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0		\$0
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$731		\$731		\$731
92500 Total Tenant Services	\$731	\$0	\$731		\$731

Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 09/30/2018

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
93100 Water	\$521		\$521		\$521
93200 Electricity	\$10,983		\$10,983		\$10,983
93300 Gas	\$1,044		\$1,044		\$1,044
93400 Fuel					
93500 Labor					
93600 Sewer	\$294		\$294		\$294
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$12,842	\$0	\$12,842		\$12,842
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and Other	\$17,108		\$17,108		\$17,108
94300 Ordinary Maintenance and Operations Contracts	\$136,566		\$136,566		\$136,566
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$153,674	\$0	\$153,674		\$153,674
96110 Property Insurance	\$20,891		\$20,891		\$20,891
96120 Liability Insurance	\$8,430		\$8,430		\$8,430
96130 Workmen's Compensation	\$1,115	\$124	\$1,239		\$1,239
96140 All Other Insurance	\$5,735	\$637	\$6,372		\$6,372
96100 Total Insurance Premiums	\$36,171	\$761	\$36,932		\$36,932
96200 Other General Expenses	\$12,053	\$598	\$12,651		\$12,651
96210 Compensated Absences	\$7,747	\$2,582	\$10,329		\$10,329
96300 Payments in Lieu of Taxes	\$12,682		\$12,682		\$12,682
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$32,482	\$3,180	\$35,662		\$35,662
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0		\$0
96900 Total Operating Expenses	\$431,231	\$60,735	\$491,966		\$491,966
97000 Excess of Operating Revenue over Operating Expenses	\$64,171	\$251,567	\$315,738		\$315,738

Financial Data Schedule

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 09/30/2018

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$305,020	\$305,020		\$305,020
97350 HAP Portability-In		\$8,575	\$8,575		\$8,575
97400 Depreciation Expense	\$176,302		\$176,302		\$176,302
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$607,533	\$374,330	\$981,863		\$981,863
10010 Operating Transfer In					
10020 Operating transfer Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$112,131	-\$62,028	-\$174,159		-\$174,159
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,913,925	\$23,430	\$1,937,355		\$1,937,355
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0		\$0
11170 Administrative Fee Equity		-\$38,598	-\$38,598		-\$38,598
11180 Housing Assistance Payments Equity		\$0	\$0		\$0
11190 Unit Months Available	1077	1800	2877		2877
11210 Number of Unit Months Leased	1034	846	1880		1880
11270 Excess Cash	\$442,696		\$442,696		\$442,696
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$95,000		\$95,000		\$95,000
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, 2018

Bridgett Tanner, Executive Director

Purpose	Amount
Salary	\$70,000
Benefits-insurance	8,934
Benefits-retirement	\$5,250

HOUSING AUTHORITY OF THE CITY OF GRAMBLING
Grambling, Louisiana

Schedule of Compensation Paid to Board Members
Fiscal Year Ended September 30, 2018

Board members serve without compensation.

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures enumerated below, which were agreed to by Grambling 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, 2017 through September 30, 2018. 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.

Results of procedures performed:

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

Budgeting – the Authority's policy does not address monitoring the budget.

Receipts – I suggest the authority modify their written collection procedures relating to rent collections as well as Section 8 Port-In and rent recovery transactions.

Payroll – procedures relating to payroll processing are inadequate and need to be revised to include the review and approval of time and attendance records.

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 2017, November 2017, January 2018, February 2018, August 2018 and September 2018.
- 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

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 6 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

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).

Management represents that the list is complete.

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.

We performed the above listed procedures and noted no exceptions.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Management asserted that all employees with access to cash are covered by insurance.

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.

We performed the above listed procedures and noted no exceptions.

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

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.

Exception – we noted exceptions to 9(a) and 9(b) on two transactions that we tested. See Finding 2018-001 (c) for a description of these exceptions.

Management's response/corrective action plan:

We will ensure that all future disbursements are properly reviewed and documented before we sign the check. We will discontinue making electronic payments until we have adequate written procedures in place which ensure that all supporting documentation is reviewed and the payment is properly approved prior to making the payment.

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, 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.
- a] **Exception – Please see Finding 2018-001(c) for a description of this exception.**
- b] **No exceptions noted**

Management’s response/corrective action plan:

We will ensure that all future disbursements are properly reviewed and documented before we sign the check. We will discontinue making electronic payments until we have adequate written procedures in place which ensure that all supporting documentation is reviewed and the payment is properly approved prior to making the payment.

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

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

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:

- 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).
- 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.

There were no Year 1 exceptions in this category, these procedures are omitted.

Contracts

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:
- 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.

There were no Year 1 exceptions in this category, these procedures are omitted.

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.

Management represents that the list is complete.

We performed the above listed procedure and noted no exceptions.

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.

We performed the above listed procedures and noted no exceptions.

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.

Management asserts that there were no terminations during the period.

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.

Management asserts that all of the above were paid and filed timely.

Ethics

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.

Results of procedures performed:

Exception – management did not provide documentation for 20(a) or 20(b) above.

Management's response/corrective action plan:

We will have all employees complete the required ethics training annually as well as attest that he or she has read the entity's ethics policy.

Debt Service

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.

Not applicable.

Other

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

William Daniel McCaskill, CPA
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Mandeville, Louisiana

June 7, 2019

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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, 2018, and the related notes to the financial statements, which collectively comprise the authority's basic financial statements, and have issued my report thereon dated June 7, 2019.

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 certain deficiencies in internal control that I consider to be material weaknesses.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Report on Internal Control... *Government
Auditing Standards*, 2018
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 deficiencies described in the accompanying schedule of findings to be material weaknesses. See Finding 2018-001.

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 2018-001.

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

William Daniel McCaskill, CPA
A Professional Accounting Corporation

June 7, 2019

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Schedule of Findings
Fiscal Year Ended September 30, 2018

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

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

FINDING 2018-001 WEAK INTERNAL CONTROLS

Program: ENTITY WIDE

Condition:

- a) This 9/30/2018 audit is being published in June 2019 and therefore it is late per State law. Note that it is timely per federal regulations.
- b) Management did not prepare an operating budget, the board did not approve an operating budget, and management nor the board reviewed budget vs. actual operations for all of fiscal year 2018. As of June 7, 2019, management/board of commissioners has not reviewed any monthly financial statements subsequent to fiscal year ended September 30, 2018.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Schedule of Findings (continued)
Fiscal Year Ended September 30, 2018

- c) Inadequate review of accounts payable transactions. Incorrect coding of expenditures. When testing 50 transactions, we noted 7 transactions that were not coded to the proper account. We also noted two transactions whereas a credit card statement was paid without the detailed supporting receipts being reviewed prior to the payment. The authority made these two payments via online electronic payments from their checking account without proper review and approval. This circumvents the authority's check-writing policy, which requires dual signatures.

- d) Improper loan of funds between programs. At fiscal year end the HCV program owed the Low Rent program \$56,143. The amount of unrestricted net position recorded by the HCV program as of fiscal year end was (\$38,598). Therefore, the HCV program does not have sufficient resources to fully pay off the amount due to the Low Rent program. The authority only made one payment from 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 review and approval of the operating budget, as well as periodic reviews of current financials including monitoring budget vs. actual.

- c) All check signers should review and approve all supporting documentation prior to signing checks. The authority should provide the accountant all required information in order to ensure proper coding. Authority check writing policy requires two authorized signatures on all disbursements.

- d) 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 on a timely basis.

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana
Schedule of Findings (continued)
Fiscal Year Ended September 30, 2018

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) Staff did not follow the authority's disbursement policy.
- d) The HCV program continues to operate with current year and prior year losses.

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) Expenditures were not properly approved and were not coded to the correct account.
- d) 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 Prior Year Audit Findings
Fiscal Year Ended September 30, 2018

FINDING 2017-001

This is repeated as finding 2018-001

HOUSING AUTHORITY OF THE CITY OF GRAMBLING

Grambling, Louisiana

Corrective Action Plan for Current Year Findings

For Fiscal Year Ended September 30, 2018

FINDINGS—FINANCIAL STATEMENTS AUDIT

2018-001

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 prepare an operating budget approved by the board and 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 ensure that all future disbursements are properly reviewed and documented before we sign the check. We will discontinue making electronic payments until we have adequate written procedures in place which ensure that all supporting documentation is reviewed and the payment is properly approved prior to making the payment.
- d) We will reduce the HCV program losses so that the interprogram balance can be repaid per a quarterly payment schedule we will enact. The board will monitor the program profit/loss on a monthly basis.