

**HOUSING AUTHORITY OF THE CITY OF JENA
JENA, LOUISIANA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2020

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

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Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Jena (Authority), Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively 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 opinion 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.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-vi 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.

Supplementary Information

My audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Financial Data Schedule is the responsibility of management and was derived from and relates 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 accompanying Financial Data Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, I have also issued my report dated July 8, 2021 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.

Audit Solutions, LLC

Chesterfield, Missouri

July 8, 2021

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2020

Introduction

This Management's Discussion and Analysis (MD&A) of the Jena Housing Authority (Authority) provides an introduction and overview to the financial statements of the Jena Housing Authority for the fiscal year ended June 30, 2020. The Jena Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2020, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Jena Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has two individual programs. They include the Low Rent Public Housing Program and the Capital Fund Program.

The Low Rent Program consists of 60 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.

The Capital Fund Program is also a formula-based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Overview of the Financial Statements

This overview of the financial statements is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the differences between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net position is comprised of three individual components:

- *Net Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets.
- *Restricted* component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through constitutional provisions.
- *Unrestricted* component of net position represents the remaining resources available that does not meet the definition of the above categories. The unrestricted component of net position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended June 30, 2020, to determine the change in net position for the fiscal year.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2020

Overview of the Financial Statements – (Continued)

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related to financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended June 30, 2020.

Financial Highlights

- The Jena Housing Authority’s net position increased from \$503,804 to \$517,167, an increase of \$13,363 or 3%. The total assets also increased by \$22,436 or 4%.
- Total revenues increased from \$222,462 to \$297,248, an increase of \$74,786 or 34%.
- Total expenses decreased by \$14,290, from \$279,611 to \$265,321 for the current year. This represents a decrease of 5%.

Housing Authority Activities & Highlights

The Housing Authority’s overall financial position for the past two years is summarized below based on the information in the current and prior financial statements. The table below provides the asset, liability, and net position (equity) comparisons for the year ended June 30, 2020, and June 30, 2019.

Category	6/30/2020	6/30/2019	Change \$	Change %
Current Assets	\$ 251,869	\$ 221,092	\$ 30,777	14%
Fixed Assets (Net of Depreciation)	\$ 306,804	\$ 315,145	\$ (8,341)	-3%
Total Assets	\$ 558,673	\$ 536,237	\$ 22,436	4%
Current Liabilities	\$ 38,020	\$ 27,144	\$ 10,876	40%
Non-Current Liabilities	\$ 3,486	\$ 5,289	\$ (1,803)	-34%
Total Liabilities	\$ 41,506	\$ 32,433	\$ 9,073	28%
Unrestricted	\$ 210,363	\$ 188,659	\$ 21,704	12%
Net Investment in Capital Assets	\$ 306,804	\$ 315,145	\$ (8,341)	-3%
Total Net Position	\$ 517,167	\$ 503,804	\$ 13,363	3%

Current Assets

Current assets increased by \$30,777. Total cash and investments increased from \$153,375 to \$227,350, an increase of \$73,975 from June 30, 2019 to June 30, 2020 due to back subsidy being drawn in the current year. Accounts receivable-HUD operating subsidy decreased from \$53,662 in 2019 to \$0 in 2020 due to all operating subsidy being drawn in the current year.

Non-Current Assets

Noncurrent assets decreased by \$8,341 due primarily to depreciation in the current year. More details are provided in the Capital Assets section in a subsequent paragraph.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2020

Housing Authority Activities & Highlights – (Continued)

Current Liabilities

Current liabilities increased by \$10,876 or 40% from the previous year. This was due primarily to an increase of \$5,454 in the current year's accounts payable and an increase in wages payable of \$5,992.

Net Position

The net position of the Authority increased by \$13,363 from the previous fiscal year.

The Authority's unrestricted component of net position increased from \$188,659 to \$210,363, an increase of \$21,704 or 12% for the current year. The principal reason for the increase is due to operating revenues exceeding operating expenses in the current fiscal year. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

The table below summarizes the overall operations for the past two years for the years ending June 30, 2020, and June 30, 2019.

Category	6/30/2020	6/30/2019	Change \$	Change %
Program Revenues:				
Tenant Revenue	\$ 71,099	\$ 72,132	\$ (1,033)	-1%
Government Operating Grants	\$ 219,321	\$ 145,052	\$ 74,269	51%
Other Revenue	\$ 2,285	\$ 2,251	\$ 34	2%
Interest Income	\$ 4,543	\$ 3,027	\$ 1,516	50%
Total Revenue	\$ 297,248	\$ 222,462	\$ 74,786	34%
Expenses:				
Administration	\$ 96,659	\$ 98,925	\$ (2,266)	-2%
Utilities	\$ 3,932	\$ 5,047	\$ (1,115)	-22%
Ordinary Maintenance	\$ 83,314	\$ 84,713	\$ (1,399)	-2%
General/Insurance Expense	\$ 43,522	\$ 54,201	\$ (10,679)	-20%
Depreciation	\$ 36,538	\$ 36,725	\$ (187)	-1%
Total Expenses	\$ 265,321	\$ 279,611	\$ (14,290)	-5%
Excess (Deficiency) Before Special Items	\$ 31,927	\$ (57,149)	\$ 89,076	-156%
Special Item/Casualty Losses	\$ (18,564)	\$ -	\$ (18,564)	-100%
Change in Net Position	\$ 13,363	\$ (57,149)	\$ 70,512	-123%
Net Position, Beginning of Year	\$ 503,804	\$ 560,953	\$ (57,149)	-10%
Net Position, End of Year	\$ 517,167	\$ 503,804	\$ 13,363	3%

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2020

Housing Authority Activities & Highlights – (Continued)

Results of Operations

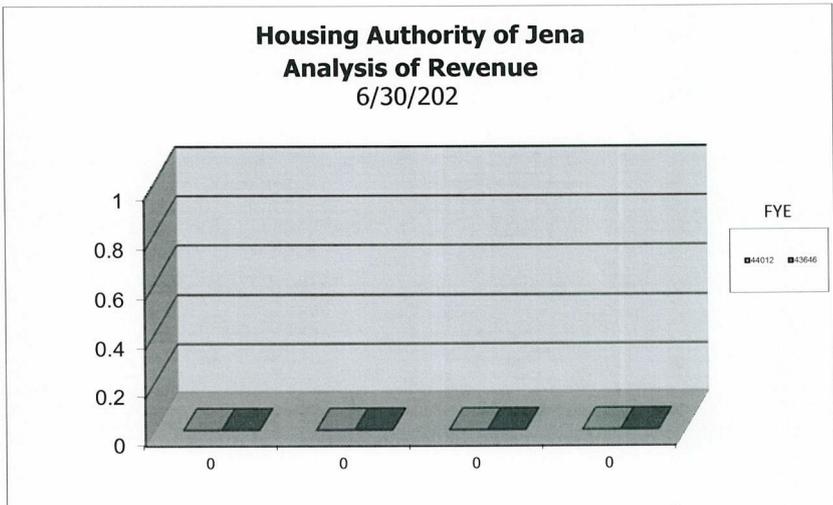
Revenues of the Authority are generated principally from dwelling rents and HUD grants. The Authority's revenue increased by \$74,786 during the current fiscal year. Significant changes noted between the prior and current fiscal years include:

- HUD operating grants increased by \$74,269 or 51% from the previous fiscal year. Operating subsidy increase from \$130,170 in 2019 to \$152,680 in 2020, an increase of \$22,510. CFP grant draws increased by \$51,759 from the previous year.
- Interest income increased from \$3,027 to \$4,543 in the current year.

Total expenses decreased by \$14,290 from the previous fiscal year. Significant differences between the years include:

- General expenses decreased from \$54,201 to \$43,522 in the current year, a difference of \$10,679 or 20%, primarily due to a decrease in other general expense by \$8,207.
- Special items increase by \$18,564 due to property damage covered by insurance in 2020.

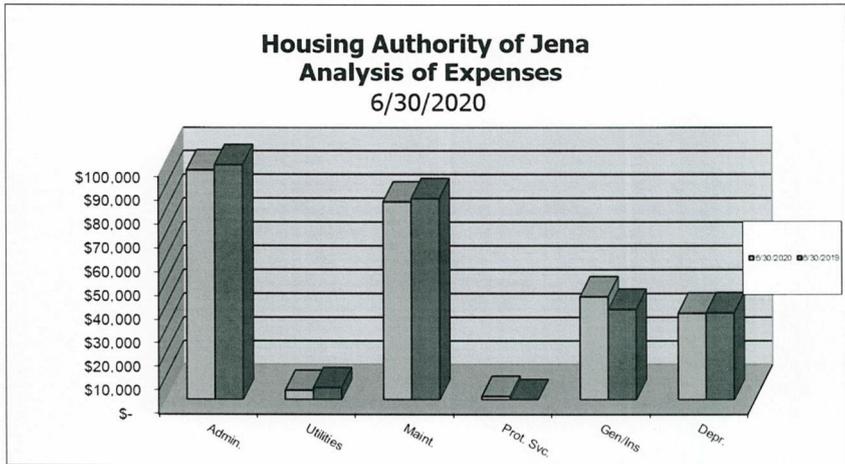
We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2020

Housing Authority Activities & Highlights – (Continued)



Capital Assets

As of June 30, 2020, the Jena Housing Authority's net investment in capital assets was \$306,804. This investment includes land, building, equipment, and construction in progress net of accumulated depreciation.

Category	6/30/2020	6/30/2019	Change \$	Change %
Land	\$ 26,000	\$ 26,000	\$ -	0%
Buildings	\$ 2,693,662	\$ 2,693,662	\$ -	0%
Equipment	\$ 49,294	\$ 21,097	\$ 28,197	134%
Accumulated Depreciation	\$ (2,462,152)	\$ (2,425,614)	\$ (36,538)	2%
Total Net Fixed Assets	\$ 306,804	\$ 315,145	\$ (8,341)	-3%

A security camera system was the reason for the increase in equipment.

Long Term Debt Liability

The Authority classifies a portion of the employee's leave as long-term debt. This is because the Authority does not anticipate paying out the total amount accrued in the upcoming fiscal year. The amount estimated as long term was \$3,486, a net decrease of \$1,803 from the previous year.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2020

Subsequent Event

HUD has finalized the funding levels for the 2020 calendar year. The operating subsidy for the Low Rent Housing Program will be funded at 97.05%. The operating subsidy for the Low Rent Housing Program will be funded at an estimated 95.23% for the 2021 calendar year.

On March 27th, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. This act provided additional funding to the Authority. The Low Rent Program received an additional \$24,999 in operating subsidy.

In January 2021, the Authority entered into a management agreement with the Marksville Housing Authority to be managed until they can find a replacement for their executive director position.

On February 26, 2021 Jena Housing Authority entered into contract with Dynamic Construction Group for CFP501 17/18/19. It will be for bathroom remodeling for 10 units at Tarver Park Avenue.

Moving forward in this Fiscal Year 21-22, there should be a significant increase in rental amounts, as recertifications have been completed, as they had not been done since 2017. This allowed all family and income compositions to be updated.

There are no lawsuits and/or grievances at present date.

There still is a concern for budget issues moving forward in the new year 21-22 in terms of resident accountability in following rent payment policies, the implementation of late charges for late payment and evictions following the expiration of eviction moratoriums that are currently in place. There are several tenant balances from unpaid rent that cannot be charged off, so this will evidently effect the upcoming operating budget.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Jena Housing Authority
Victoria Burise, Executive Director
1032 Tarver Ave #9
Jena, LA 71342-0036

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

STATEMENT OF NET POSITION
June 30, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$	32,459
Cash - restricted		4,148
Investments		190,743
Receivables - net of allowances		23,195
Inventory - net of allowances		774
Prepaid expenses		550
		<hr/>

Total Current Assets

251,869

Non-current Assets:

Capital assets:

Land and construction in progress		26,000
Other capital assets, net of depreciation		280,804
		<hr/>

Total capital assets - net

306,804

Total Non-current Assets

306,804

Total Assets

558,673

Total Assets and Deferred Outflow of Resources \$ 558,673

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

STATEMENT OF NET POSITION - (Continued)
June 30, 2020

LIABILITIES

Current Liabilities:

Accounts payable	\$	12,895
Accrued salaries and benefits		15,257
Tenant security deposit liability		4,148
Accrued compensated absences		3,032
Unearned revenues		<u>2,688</u>

Total Current Liabilities 38,020

Non-current Liabilities:

Compensated absences		<u>3,486</u>
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Total Non-current Liabilities 3,486

Total Liabilities 41,506

NET POSITION

Net investment in capital assets		306,804
Unrestricted		<u>210,363</u>

Total Net Position 517,167

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 558,673

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2020

OPERATING REVENUES

Tenant revenue	\$	71,099
Governmental grants and subsidy		219,321
Miscellaneous		<u>2,285</u>
Total operating revenue		<u>292,705</u>

OPERATING EXPENSES

Administrative		96,659
Utilities		3,932
Ordinary maintenance and operations		83,314
Protective services		1,356
Insurance		26,930
General		16,592
Non routine maintenance		18,564
Depreciation expense		<u>36,538</u>
Total operating expenses		<u>283,885</u>
Operating income (loss)		<u>8,820</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income		<u>4,543</u>
Net non-operating revenues (expenses)		<u>4,543</u>
Income (loss) before contributions and transfers		<u>13,363</u>
Change in net position		13,363
Total net position - beginning of year		<u>503,804</u>
Total net position - end of year	\$	<u><u>517,167</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Received from tenants	\$	62,986
Received from governmental grants and subsidy		272,983
Received from other operating activities		2,285
Payments for goods and services		(105,608)
Payments to employees		(128,274)
Payment in lieu of taxes		<u>(6,709)</u>

Net cash provided by (used in) operating activities 97,663

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets (28,197)

Net cash provided by (used in) capital and related financing activities (28,197)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds (payments) from sale (purchase) of investments		(41,416)
Receipts of interest and dividends		<u>4,509</u>

Net cash provided by (used in) investing activities (36,907)

Net increase (decrease) in cash and cash equivalents 32,559
Cash and cash equivalents at beginning of year 4,048

Cash and cash equivalents at end of year \$ 36,607

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended June 30, 2020

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

Operating income (loss)	\$	8,820
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		36,538
Change in assets and liabilities:		
Receivables, net		43,238
Prepaid expenses		(6)
Accounts and other payables		781
Tenant security deposit		100
Unearned revenues		2,211
Compensated absences		(11)
Accrued expenses		<u>5,992</u>
Net cash provided by (used) by operating activities	\$	<u><u>97,663</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the City of Jena (Authority) is a public body and a body corporate and politic organized under the laws of the State of Louisiana that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority was established to provide Low-Rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to federal or state income taxes and is not required to file federal or state income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation - (Continued)

The Authority operates the following programs in the enterprise fund:

Public and Indian Housing - The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Public Housing Capital Fund - The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

1E. Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds, if any. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of tenant accounts and accrued interest receivable.

Inventories

Inventories are valued at lower of cost or market on an average cost basis. Inventories consist primarily of maintenance materials and supplies held for consumption. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as assets when purchased and expenses when used.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$5,000 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	10-20 years
Furniture, equipment and machinery – dwelling	5-15 years
Furniture, equipment and machinery - administrative	5 years

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity - (Continued)

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted asset is related to the security deposit fund under the Low Rent program.

Equity Classifications

Equity is classified as net position and displayed in two components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenue, Expenses and Changes in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority’s compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority’s complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The Authority must maintain a written collateral agreement from all financial institutions pledging collateral to the Authority. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization

For the year ended June 30, 2020, the Authority complied, in all material respects, with these revenue restrictions.

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash Deposits and Investments

As of June 30, 2020, the Authority had the following cash deposits:

Cash deposits	\$	36,532
Petty cash		75
Certificate of Deposit		<u>190,743</u>
Total	\$	<u><u>227,350</u></u>

Following is a reconciliation of the Authority's deposit balances as of June 30, 2020:

Cash and cash equivalents	\$	32,459
Restricted assets		4,148
Investments		<u>190,743</u>
Total	\$	<u><u>227,350</u></u>

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3A. Cash Deposits and Investments – (Continued)

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2020, the Authority's bank balances of \$43,634 were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

Investments

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2020, the Authority's investment balance of \$190,743 was entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority's investments consist entirely of certificate of deposits, credit risk is not applicable to the Housing Authority.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At June 30, 2020, the concentration of the Authority's investment (excluding cash deposits) was as follows:

<u>Type of Investment</u>	<u>Market Value</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ 34,173	10/7/2020
Certificate of Deposit	66,836	2/26/2021
Certificate of Deposit	89,734	1/23/2021
Total	\$ 190,743	

3B. Restricted Assets

Restricted assets at June 30, 2020 consist of the following:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Cash – Security deposit	\$ <u>4,148</u>	\$ <u>----</u>	\$ <u>----</u>	\$ <u>4,148</u>

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3C. Accounts Receivable

Receivables at June 30, 2020 consist of the following:

Tenants	\$	38,909
Less: Allowance for doubtful account		<u>(16,361)</u>
Tenants - net of allowance		22,548
Interest		647
Total Accounts Receivable	\$	<u>23,195</u>

3D. Inventory

Inventory at September 30, 2020 comprised of the following:

Inventory	\$	860
Less: Allowance for obsolete inventory		<u>(86)</u>
Inventory - net of allowance	\$	<u>774</u>

3E. Capital Assets

A summary of capital asset activity for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	(Retirement)	Balance June 30, 2020
Non-depreciable assets:				
Land	\$ 26,000	\$ -	\$ -	\$ 26,000
Total non-depreciable assets	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>26,000</u>
Depreciable assets:				
Building	2,693,662	-	-	2,693,662
Equipment - dwelling	11,798	28,197	-	39,995
Equipment - administration	<u>9,299</u>	<u>-</u>	<u>-</u>	<u>9,299</u>
Total depreciable assets	2,714,759	28,197	-	2,742,956
Accumulated depreciation	<u>(2,425,614)</u>	<u>(36,538)</u>	<u>-</u>	<u>(2,462,152)</u>
Total depreciable assets, net	<u>289,145</u>	<u>(8,341)</u>	<u>-</u>	<u>280,804</u>
Capital assets, net	<u>\$ 315,145</u>	<u>\$ (8,341)</u>	<u>\$ -</u>	<u>\$ 306,804</u>

Depreciation expense is charged to programs as follows:

	Business-type Activities
Public and Indian Housing	\$ 34,086
Public Housing Capital Fund	<u>2,452</u>
Total depreciation expense	<u>\$ 36,538</u>

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3F. Accounts Payable

Accounts payable at June 30, 2020 consist of the following:

Vendors & contractors	\$	6,189
PILOT		<u>6,706</u>
Total	\$	<u>12,895</u>

3G. Long-term liabilities

Long-term liabilities at June 30, 2020 consist of the following:

Accrued compensated absences	\$	<u>3,486</u>
------------------------------	----	--------------

Changes in long-term liabilities

The following is the summary of changes in long-term liabilities:

<u>Description</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ <u>5,289</u>	\$ ---	\$ <u>1,803</u>	\$ <u>3,486</u>	\$ <u>3,032</u>

3H. Inter-program Transactions and Balances

Operating Transfers

Transfers are used to move revenues from one program to the other program in accordance with the budgetary authorizations.

	<u>Transfers In</u>	<u>Transfers Out</u>
Public and Indian Housing	\$ 66,641	\$ -
Public Housing Capital Fund	<u>-</u>	<u>(66,641)</u>
	<u>\$ 66,641</u>	<u>\$ (66,641)</u>

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2020

NOTE 4 – OTHER NOTES

4A. Employee Pension Plan

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Wells Fargo Bank. The Plan administrator has complete control of the administration of the plan, including complete discretions to interpret or construe the provisions of the Plan and under which contributions are established or may be amended.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires the Authority to contribute 8% of covered wages. Benefits are fully vested at the end of 5 years of service.

The following information related to the defined contribution plan at September 30, 2020:

Total payroll	\$	91,661
Total payroll for eligible participants	\$	86,438
Employer contributions made	\$	6,915

4B. Commitments - Construction

At June 30, 2020, the Authority had pending construction projects in progress. The commitments related to these projects are summarized as follows:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-15	\$ 57,188	\$ 52,976
CFP 501-16	59,936	53,030
CFP 501-17	63,901	---
CFP 501-18	99,126	19,825
CFP 501-19	95,559	19,112
Total	<u>\$ 375,710</u>	<u>\$ 144,943</u>

4C. Contingencies

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

4D. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation expense and casualty losses and includes investment income in operating activities, which differs from the presentation of basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS – (Continued)
June 30, 2020

NOTE 4 – OTHER NOTES

4E. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee’s health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with Arthur J. Gallagher Risk Management Services, Inc.
b. Physical property loss and natural disasters	Purchased commercial insurance with \$5,000 - \$15,000 deductibles.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4F. 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.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority’s operations. Future potential impacts may include disruptions or restrictions on our employees’ ability to work or the tenants ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

The Authority signed a management agreement with Marksville Housing Authority in January 2021 to manage the property until a new Executive Director position is appointed.

Management evaluated the activity of the Authority through July 8, 2021 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the one noted above.

4G. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2021 federal budget.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

FINANCIAL DATA SCHEDULE
Year Ended June 30, 2020

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$32,459	\$32,459	\$0	\$32,459
114 Cash - Tenant Security Deposits	\$4,148	\$4,148	\$0	\$4,148
100 Total Cash	\$36,607	\$36,607	\$0	\$36,607
126 Accounts Receivable - Tenants	\$38,909	\$38,909	\$0	\$38,909
126.1 Allowance for Doubtful Accounts - Tenants	-\$16,361	-\$16,361	\$0	-\$16,361
129 Accrued Interest Receivable	\$647	\$647	\$0	\$647
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$23,195	\$23,195	\$0	\$23,195
131 Investments - Unrestricted	\$190,743	\$190,743	\$0	\$190,743
142 Prepaid Expenses and Other Assets	\$550	\$550	\$0	\$550
143 Inventories	\$860	\$860	\$0	\$860
143.1 Allowance for Obsolete Inventories	-\$86	-\$86	\$0	-\$86
150 Total Current Assets	\$251,869	\$251,869	\$0	\$251,869
161 Land	\$26,000	\$26,000	\$0	\$26,000
162 Buildings	\$2,693,662	\$2,693,662	\$0	\$2,693,662
163 Furniture, Equipment & Machinery - Dwellings	\$39,995	\$39,995	\$0	\$39,995
164 Furniture, Equipment & Machinery - Administration	\$9,299	\$9,299	\$0	\$9,299
166 Accumulated Depreciation	-\$2,462,152	-\$2,462,152	\$0	-\$2,462,152
160 Total Capital Assets, Net of Accumulated Depreciation	\$306,804	\$306,804	\$0	\$306,804
180 Total Non-Current Assets	\$306,804	\$306,804	\$0	\$306,804
290 Total Assets and Deferred Outflow of Resources	\$558,673	\$558,673	\$0	\$558,673
312 Accounts Payable <= 90 Days	\$6,189	\$6,189	\$0	\$6,189
321 Accrued Wage/Payroll Taxes Payable	\$15,257	\$15,257	\$0	\$15,257
322 Accrued Compensated Absences - Current Portion	\$3,032	\$3,032	\$0	\$3,032
333 Accounts Payable - Other Government	\$6,706	\$6,706	\$0	\$6,706
341 Tenant Security Deposits	\$4,148	\$4,148	\$0	\$4,148
342 Unearned Revenue	\$2,688	\$2,688	\$0	\$2,688
310 Total Current Liabilities	\$38,020	\$38,020	\$0	\$38,020
354 Accrued Compensated Absences - Non Current	\$3,486	\$3,486	\$0	\$3,486
350 Total Non-Current Liabilities	\$3,486	\$3,486	\$0	\$3,486
300 Total Liabilities	\$41,506	\$41,506	\$0	\$41,506
508.4 Net Investment in Capital Assets	\$306,804	\$306,804		\$306,804
512.4 Unrestricted Net Position	\$210,363	\$210,363		\$210,363
513 Total Equity - Net Assets / Position	\$517,167	\$517,167	\$0	\$517,167
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$558,673	\$558,673	\$0	\$558,673

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2020

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$70,989	\$70,989	\$0	\$70,989
70400 Tenant Revenue - Other	\$110	\$110	\$0	\$110
70500 Total Tenant Revenue	\$71,099	\$71,099	\$0	\$71,099
70600 HUD PHA Operating Grants	\$219,321	\$219,321	\$0	\$219,321
71100 Investment Income - Unrestricted	\$4,543	\$4,543	\$0	\$4,543
71500 Other Revenue	\$2,285	\$2,285	\$0	\$2,285
70000 Total Revenue	\$297,248	\$297,248	\$0	\$297,248
91100 Administrative Salaries	\$48,917	\$48,917	\$0	\$48,917
91400 Advertising and Marketing	\$64	\$64	\$0	\$64
91500 Employee Benefit contributions - Administrative	\$26,193	\$26,193	\$0	\$26,193
91600 Office Expenses	\$11,068	\$11,068	\$0	\$11,068
91800 Travel	\$58	\$58	\$0	\$58
91900 Other	\$10,359	\$10,359	\$0	\$10,359
91000 Total Operating - Administrative	\$96,659	\$96,659	\$0	\$96,659
93100 Water	\$148	\$148	\$0	\$148
93200 Electricity	\$3,513	\$3,513	\$0	\$3,513
93600 Sewer	\$271	\$271	\$0	\$271
93000 Total Utilities	\$3,932	\$3,932	\$0	\$3,932
94100 Ordinary Maintenance and Operations - Labor	\$37,842	\$37,842	\$0	\$37,842
94200 Ordinary Maintenance and Operations - Materials and Other	\$19,919	\$19,919	\$0	\$19,919
94300 Ordinary Maintenance and Operations Contracts	\$9,908	\$9,908	\$0	\$9,908
94500 Employee Benefit Contributions - Ordinary Maintenance	\$15,645	\$15,645	\$0	\$15,645
94000 Total Maintenance	\$83,314	\$83,314	\$0	\$83,314
95300 Protective Services - Other	\$1,356	\$1,356	\$0	\$1,356
95000 Total Protective Services	\$1,356	\$1,356	\$0	\$1,356
96110 Property Insurance	\$22,145	\$22,145	\$0	\$22,145
96120 Liability Insurance	\$1,971	\$1,971	\$0	\$1,971
96140 All Other Insurance	\$2,814	\$2,814	\$0	\$2,814
96100 Total insurance Premiums	\$26,930	\$26,930	\$0	\$26,930
96200 Other General Expenses	\$4,228	\$4,228	\$0	\$4,228
96210 Compensated Absences	\$5,658	\$5,658	\$0	\$5,658
96300 Payments in Lieu of Taxes	\$6,706	\$6,706	\$0	\$6,706
96000 Total Other General Expenses	\$16,592	\$16,592	\$0	\$16,592
96900 Total Operating Expenses	\$228,783	\$228,783	\$0	\$228,783
97000 Excess of Operating Revenue over Operating Expenses	\$68,465	\$68,465	\$0	\$68,465

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2020

	Project Total	Subtotal	ELIM	Total
97200 Casualty Losses - Non-capitalized	\$18,564	\$18,564	\$0	\$18,564
97400 Depreciation Expense	\$36,538	\$36,538	\$0	\$36,538
90000 Total Expenses	\$283,885	\$283,885	\$0	\$283,885
10010 Operating Transfer In	\$66,641	\$66,641	-\$66,641	\$0
10020 Operating transfer Out	-\$66,641	-\$66,641	\$66,641	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$13,363	\$13,363	\$0	\$13,363
11030 Beginning Equity	\$503,804	\$503,804	\$0	\$503,804
11190 Unit Months Available	600	600	0	600
11210 Number of Unit Months Leased	589	589	0	589
11270 Excess Cash	\$193,460	\$193,460		\$193,460
11630 Furniture & Equipment - Dwelling Purchases	\$28,197	\$28,197		\$28,197

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR
CHIEF EXECUTIVE DIRECTOR**
Year Ended June 30, 2020

Agency Head Name: Casey Hall

EXPENDITURE PURPOSE (To be completed by ED)

Salary	\$	53,339
Benefits – Insurance		18,795
Benefits – Retirement		3,673
Benefits (List any other here)		---
Car allowance		---
Vehicle provided by government		---
Per diem		---
Reimbursements		---
Travel		---
Registration fees		---
Conference Travel		---
Continuing professional education fees		---
Housing		---
Unvouchered expenses*		---
Special meals		---
		<hr/>
TOTAL	\$	75,807

* An example of unvouchered expense would be a travel advance

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
Year Ended June 30, 2020

Board members serve without compensation.



Audit Solutions, LLC.

Certified Public Accountant

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 Jena
Jena, 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 business-type activities of Housing Authority of the City of Jena (Authority), Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated July 8, 2021.

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 opinion 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section 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. I did identify certain deficiencies in internal control, described in the accompanying schedule of current findings, recommendations and replies as finding #2020-001, #2020-002, #2020-003, #2020-004, #2020-005 and #2020-006 that I consider to be material weaknesses.

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 current findings, recommendations and replies as finding #2020-003, #2020-004 and #2020-005.

Authority's Response to Findings

The Authority's response to the findings identified in my audit is described in the accompanying schedule of current findings, recommendations and replies. 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 it.

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 result 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.

Audit Solutions, LLC

Chesterfield, Missouri

July 8, 2021



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Jena (Authority) and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

I compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of my agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the chart below.

I was engaged to perform an audit for the Authority as of and for the year ended June 30, 2020 and have issued my reports thereon dated July 8, 2021. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of the audit. Further, my opinion on the fair presentation of the Authority's Financial Data Schedule (FDS) dated July 8, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package, which includes the auditor's report, is available in its entirety from the Authority. I have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, I take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report was intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Audit Solutions, LLC

Chesterfield, Missouri
July 8, 2021

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

AGREED UPON PROCEDURES
June 30, 2020

Procedure	UFRS Rule Information	Hard Copy Document(s)	Agrees
1	Balance Sheet and Revenue Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDAs, if applicable	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion on FDS (data element G3100-040)	Auditor's Supplemental report on FDS	√
4	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEAR
June 30, 2020

The prior audit report for the year ended June 30, 2019 contained the following audit findings:

2019-001.	Finding: Status:	Accounts Receivable (Tenant's Rent) Not implemented – see current finding #2020-002.
2019-002.	Finding: Status:	Payroll Tax Reporting. Implemented.
2019-003.	Finding: Status:	Small Size of the Entity. Not implemented – see current finding #2020-001.
2019-004.	Finding: Status:	Annual Filing of Financial Statements. Not Implemented – see current finding #2020-003.
2019-005.	Finding: Status:	Timely Deposits of Tenant's Rent Payments. Implemented.

HOUSING AUTHORITY OF THE CITY OF JENA
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CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES
June 30, 2020

The current audit report for the year ended June 30, 2020 disclosed the following audit findings:

2020-001 Segregation of Duties

Criteria:

To ensure effective internal control, a segregation of duties between individuals who authorize transactions and individuals who have control over related assets must always exist.

Condition:

The present system of internal accounting controls in certain situation does not provide for segregation of duties in the performance of functions due to a limited size of the staff.

Questioned Costs:

None noted.

Effect:

As a result of this condition, there is a likelihood that intentional or unintentional errors will go undetected.

Cause:

Due to the small size of the entity, the Authority's decision was based on a "cost to benefit" relationship which does not justify the addition of additional staff to accomplish the desired segregation.

Recommendation:

I recommend that the Authority take steps to ensure compensating controls are in place to mitigate the lack of segregation of duties so that risk of errors can be prevented.

Management's Response:

At present I, Victoria Burise, have been placed as Interim Executive Director. There has been notable internal control issues at the agency for some time and what I, along with HUD direction, have implemented new policies and re-interim and re-examinations to correct errors in rental amounts.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES – (Continued)
June 30, 2020

2020-002. Tenant Accounts Receivable

Criteria:

Under the terms of the annual contributions contract, each project shall be developed and administered to promote efficiency, economy and stability.

Condition:

I noted tenant accounts receivable at year end were \$26,659 (excluding vacated tenants) which represents 448% of the total charges for the month of June 2020. Total tenant accounts receivable amounted to \$38,909 as of the year-end.

Questioned Costs:

None noted.

Effect:

The continuing growth in tenant accounts receivable is a threat to maintaining a financially solvent operation. Without proper rent collection, current operating expenses cannot be paid.

Cause:

The Authority did not effectively enforce its rent collection policy resulting in a significant amount owed to the Authority.

Recommendation:

I recommend that the Authority place greater emphasis on collection of all outstanding balances and enforce its rent collection and eviction policies.

Management's Response:

There has been a new Rent Collection policy effective June 1, 2021. There has been corrected rent calculations for 55% of the current residents effective June 1, 2021, with the other 45% to be effective July 1, 2021.

A new Utility Allowance study was corrected and put into place effective June 1, 2021.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES – (Continued)
June 30, 2020

2020-003. Annual Filing of Financial Statements

Criteria:

The State law requires that governmental units file their audited financial statements annually with Legislative Auditor's Office within six months of the Housing Authority's year-end closing.

Condition:

The Authority did not file their audited financial statements in a timely manner as required by the State.

Questioned Costs:

None noted.

Effect:

The Authority was not in compliance with the State laws.

Cause:

The Authority did not procure an audit firm in a timely manner to ensure compliance with the State laws.

Recommendation:

I recommend that the Authority must have their audit completed in due time to ensure audited financial statements are filed within six months of the Authority's year-end closing.

Management's Response:

When I, Victoria Burise, became Interim Director, there were many open and incomplete tasks. No paper trail or records of audit procurement. With speaking with the Board on April 14, 2021, I learned that the 2019-2020 audit had not been turned in. I immediately made contact with The Vercher Group who stated that an extension was filed. My HUD Specialist Ms. Joy Palode later found out by Louisiana Legislative Auditors (LLA) that no extension was filed. I made use of my inter-management agreement and called upon Audit Solutions.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES – (Continued)

June 30, 2020

2020-004. Payroll Tax Payments

Criteria:

The Authority must make timely tax deposits as required by laws of taxing entities.

Condition:

I noted that the Authority did not make deposits of federal taxes for the last three quarters of FY 2020 until July 2020 resulting in a significant amount owed to the IRS.

Questioned Costs:

None noted.

Effect:

Failure to make prompt tax deposits could lead to excessive late penalties, interest expenses and additional taxes.

Cause:

It appears that the Authority failed to make the appropriate federal tax deposits in a timely manner due to the weak management of the previous administration.

Recommendation:

I recommend that the Authority ensure that all payroll tax deposits be made in a timely fashion to avoid penalties, interest and additional taxes.

Management's Response:

Prior management did not pay taxes in a timely manner. Since I, Victoria Burise, have become Interim Director, I have made all past due payments. I have also to date received two refunds that have been forgiven.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES – (Continued)
June 30, 2020

2020-005. Tenant Files

Criteria:

HUD guidelines on tenant file documentation and maintenance must be followed at all times.

Condition:

During my review of five tenant files, I noted the following deficiencies:

- None of the files contained signed PHA and tenant/applicant certification.
- Three files were not certified on an annual basis.
- No income verification present in three tenant files.
- One file did not have a signed lease agreement.
- Four files did not contain proof of citizenship (Form 214) and authorization for the release of information form.
- One tenant's rent calculation on HUD form 50058 did not agree to the rental register for the month of June 2020.
- Three files had no HUD form 50058 prepared in FY 2020.

Questioned Costs:

None noted.

Effect:

Tenant files are incomplete and could have incorrect rent calculation.

Cause:

Unknown, as the current administration is not aware of the prior administrations process of managing the tenant files.

Recommendation:

I recommend that the Authority ensure that all tenant files are maintained properly and supervisory reviews are performed to ensure completeness and accuracy.

Management's Response:

Prior Management had not performed re-exams and/or re-interims – some since 2017. To add, there are still some tenants that have not been put in the system and I am working non-stoop to find out move-in dates to begin the proper entries. This is very difficult as no paper trail exists and some residents have moved out years ago but still show.

HOUSING AUTHORITY OF THE CITY OF JENA
Jena, Louisiana

CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES – (Continued)
June 30, 2020

2020-006. Missing Documents / Coverages

Criteria:

Good internal control requires maintaining and securing all documents and records. In addition, requested documentation should be readily available for audit examination.

Condition:

Certain items requested during the audit were not available for examination. Information requested that was either not prepared or could not be located by the Authority are as follows:

- Board minutes for several months during FY 2020 and subsequent to it.
- Supporting documentation for unused accrued vacation hours for all employees as of the year-end.
- Invoices for various checks requested during audit were unavailable.
- No workman's compensation policy was in place during FY 2020.

Questioned Costs:

None noted.

Effect:

I was unable to examine the aforementioned items.

Cause:

It appears there is a lack of oversight in ensuring all documents are properly maintained or prepared.

Recommendation:

I recommend that the Authority place greater emphasis on safeguarding all records and documents. In addition, all documents requested during the audit should be readily available for examination.

Management's Response:

At present, I am working with HUD representatives to collect and file any past documents that are and will be needed for future references. Jena Housing Authority is now under a new Records Retention Policy for Tenant Records and Financial Records Effective 7-1-2021.