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

**Annual Financial Report  
As of and for the Year Ended March 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/10/07

**Housing Authority of the City of Jennings  
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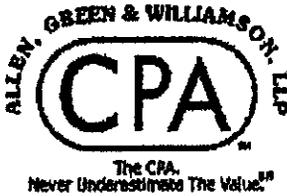
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Housing Authority of the City of Jennings, Jennings, Louisiana, as of and for the year ended March 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2007, on our consideration of the Housing Authority's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information listed in the table of contents, which includes the Financial Data Schedule required by U.S. Department of Housing and Urban Development, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying other information as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

*Allen, Green & Williamson, LLP*

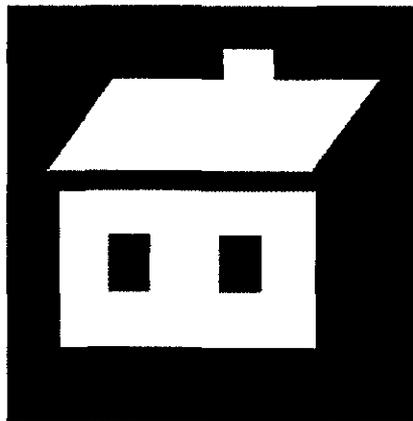
ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
September 28, 2007

**Housing Authority of the City of Jennings**

**HOUSING AUTHORITY OF JENNINGS, LOUISIANA**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**MARCH 31, 2007**

**Housing Authority of the City of Jennings**



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**Housing Authority of the City of Jennings  
Management's Discussion and Analysis (MD&A)**

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The management of the Public Housing Authority of Jennings, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending March 31, 2007. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's included audited financial statements.

**FINANCIAL HIGHLIGHTS**

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$2,995,371 at the close of the fiscal year ended 2007.
- Of this amount \$2,512,959 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
- The remainder of \$482,412 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 55% of the total operating expenses of \$875,568 for the fiscal year 2007, which means the Housing Authority might be able to operate about 6 months using the unrestricted assets alone, which compares very unfavorably with 11 months in the prior fiscal year.
- The Housing Authority's total net assets decreased by \$191,865, a 6% change from the prior fiscal year 2006. This decrease is attributable to significant decreases in Federal grants for both operations and capital improvements, described in more detail below.
- The decrease in net assets of these funds was accompanied by a decrease in unrestricted cash by \$331,825 from fiscal year 2006, primarily due to spending \$343,403 more for operations than Federal funds received for operations, and spending \$280,460 more for capital assets than Federal capital grants received.
- The Housing Authority spent \$7,801 on equipment additions and \$403,928 on construction during the current fiscal year.
- These changes led to a decrease in total assets by \$205,409 and a decrease in total liabilities by \$13,544. As related measure of financial health, there are still over \$6.52 of current assets covering each dollar of total current and long-term liabilities, which compares much less favorably with \$8.77 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

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**Housing Authority of the City of Jennings  
Management's Discussion and Analysis (MD&A)**

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## **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 Housing Authority's internal controls.

### **Reporting on the Housing Authority as a Whole**

One of the most important questions asked about the Housing 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 2007?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

### **Fund Financial Statements**

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

## **USING THIS ANNUAL REPORT**

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

Low Rent Public Housing  
Public Housing Capital Fund Program

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.

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**Housing Authority of the City of Jennings  
Management's Discussion and Analysis (MD&A)**

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**Reporting the Housing Authority's Most Significant Funds**

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

**FINANCIAL ANALYSIS**

The Housing Authority's net assets were \$2,995,371 as of March 31, 2007. Of this amount, \$2,512,959 was invested in capital assets, and the remaining \$482,412 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

**FINANCIAL STATEMENTS**

**Balance Sheet  
March 31,**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Current assets	\$ 569,854	\$ 885,879
Capital assets, net of depreciation	<u>2,512,959</u>	<u>2,402,343</u>
Total assets	<u>3,082,813</u>	<u>3,288,222</u>
<b>LIABILITIES</b>		
Current liabilities	69,503	84,567
Non-current liabilities	<u>17,939</u>	<u>16,419</u>
Total liabilities	<u>87,442</u>	<u>100,986</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of depreciation	2,512,959	2,402,343
Unrestricted net assets	<u>482,412</u>	<u>784,893</u>
Total net assets	<u>2,995,371</u>	<u>3,187,236</u>
Total liabilities and net assets	<u>\$3,082,813</u>	<u>\$3,288,222</u>

**Housing Authority of the City of Jennings  
Management's Discussion and Analysis (MD&A)**

**FINANCIAL STATEMENTS (Continued)**

The net assets of these funds decreased by \$191,865, or by 6%, from those of fiscal year 2006, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets  
(Excluding Interfund Transfers)  
Fiscal Year Ended March 31,**

	<u>2007</u>	<u>2006</u>
<b>OPERATING REVENUES</b>		
Tenant Rental and Other Revenue	\$ 319,970	\$ 311,134
Federal grants for operations	200,336	218,664
Other revenue	<u>11,859</u>	<u>10,637</u>
Total operating revenues	<u>532,165</u>	<u>540,435</u>
<b>OPERATING EXPENSES</b>		
Administration	194,657	177,639
Tenant services	39,039	35,264
Utilities	28,550	28,990
Maintenance, Repairs, and Extraordinary Repairs	239,067	249,408
General	73,593	66,013
Depreciation	<u>300,662</u>	<u>274,141</u>
Total operating expenses	<u>875,568</u>	<u>831,455</u>
(Losses) from operations	<u>(343,403)</u>	<u>(291,020)</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>		
Interest income	19,879	10,803
Gain (loss) on impairment		384,693
Other income	<u>390</u>	<u>510</u>
Total Non-Operating Revenues (Expenses)	<u>20,269</u>	<u>396,006</u>
Capital Contributions	131,269	469,783
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>(191,865)</b>	<b>574,769</b>
<b>NET ASSETS, beginning of fiscal year</b>	<u><b>3,187,236</b></u>	<u><b>2,612,467</b></u>
<b>NET ASSETS, end of fiscal year</b>	<u><b>\$2,995,371</b></u>	<u><b>\$3,187,236</b></u>

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**Housing Authority of the City of Jennings  
Management's Discussion and Analysis (MD&A)**

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**EXPLANATIONS OF FINANCIAL ANALYSIS**

Compared with the prior fiscal year, total operating and non-operating revenues decreased \$722,521, or by 51%, from a combination of larger offsetting factors. Reasons for most of this change are listed below.

- Total other non-operating revenue decreased by \$714,251 from that of the prior fiscal year, because the Housing Authority received proceeds from casualty insurance claims in the prior year, but much less in the current year, which are recorded as other income by the Housing Authority in the year received.
- Capital Contributions decreased by \$338,514, or by 72% 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 year 2006, and submitted a new grant during fiscal year 2007.
- Federal revenues from HUD for operations decreased by \$18,328, or by 8% 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, 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. There was a decrease in the number of eligible tenants receiving subsidies, so Housing Assistance Grants decreased accordingly, lowering the overall total.
- Total tenant revenue increased by \$10,058, or by 3% from that of the prior fiscal year, due to two major factors: Tenant rental revenues increased by \$8,836, or by 3%, because occupancy rates increased by 1%, and because the amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising the overall total. Finally, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) increased by \$1,222, or by 11%.
- Interest income increased by \$9,076, or by 84% from that of the prior fiscal year. The interest rate increased from 1% on checking to 2.9% and from 3.3% on CDs to 4.5%.

Compared with the prior fiscal year, total operating and non-operating expenses increased \$44,113, or by 5%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below.

- General Expenses increased by \$7,580 or by 11% from that of the prior fiscal year, primarily because insurance premiums increased by \$7,528, or by 13%, since property and casualty insurance premiums increased. Also, payments in lieu of taxes (PILOT) increased by \$242, or by 3%. PILOT is calculated as a percentage of rent (which increased by 3%) minus utilities (which decreased 2%), and therefore changed proportionately to the changes in each of these.
- Depreciation expense increased by \$26,521, or by 10% from that of the prior fiscal year, because there was an increase in capital assets by \$411,729.
- Casualty losses decreased by \$26,123, or by 83% from that of the prior fiscal year, because there was no hurricane damage in the current fiscal year.

**Housing Authority of the City of Jennings  
Management's Discussion and Analysis (MD&A)**

- Administrative Expenses increased by \$17,018, or by 10% from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$2,153, staff vacation and sick leave pay increased by \$4,001, and related employee benefit contributions increased by \$3,595; therefore, total staff salaries and benefit costs increased by 7%. In addition, accounting fees increased by \$560;
- Maintenance and repairs decreased by \$10,341, or by 4% from that of the prior fiscal year, due to several major factors: Repair staff wages decreased by \$2,530, or by 3%, and related employee benefit contributions increased by \$1,165, or by 4%. Also, materials used increased by \$4,969, or by 12%, and contract labor costs increased by \$16,178, or by 28%. In addition, extraordinary maintenance decreased by \$4,000, or by 100% from that of the prior fiscal year, for none was incurred in the current year.
- Tenant Services increased by \$3,775, or by 11% from that of the prior fiscal year, due to a combination of factors: staff salaries increased by \$2,361, or by 10%, and related employee benefit contributions increased by \$1,647, or by 17%.
- Utilities, totaling \$28,550, did not change significantly from the prior to the current year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At March 31, 2007, the Housing Authority had a total cost of \$7,835,492 invested in a broad range of assets and construction in progress from projects funded 2006, listed below. This amount, not including depreciation, represents increases of \$406,414 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation  
As of March 31,**

	<u>2007</u>	<u>2006</u>
Land	\$ 130,578	\$ 130,578
Construction in progress	72,950	61,886
Buildings	2,274,327	1,944,538
Furniture and equipment	<u>35,104</u>	<u>47,960</u>
Total	<u>\$2,512,959</u>	<u>\$2,184,962</u>

As of the end of the 2007 fiscal year, the Housing Authority is still in the process of completing HUD grants of \$504,472 obtained during 2006 fiscal year. A total remainder of \$209,003 will be received and \$189,201 will be spent for completing these projects during fiscal year 2008.

**Debt**

Non-current liabilities include accrued annual vacation and sick leave due to employees, which totaled \$17,939. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

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**Housing Authority of the City of Jennings  
Management's Discussion and Analysis (MD&A)**

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**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 2008 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 David Fontenot, at Public Housing Authority of Jennings, Louisiana; P. O. Box 921; Jennings, LA 70546.

HOUSING AUTHORITY OF THE CITY OF JENNINGS

ENTERPRISE FUND  
Balance Sheet  
March 31, 2007

Statement A

ASSETS

Current Assets

Cash and cash equivalents	\$	158,997
Investments		349,357
Accounts receivable (net of allowance for doubtful accounts of -0-)		23,665
Prepaid items and other assets		5,122
Inventory		5,375

Restricted Assets

Tenant deposits		<u>27,338</u>
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Total Current Assets		<u>569,854</u>
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Capital Assets

Land, buildings, and equipment (net)		<u>2,512,959</u>
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TOTAL ASSETS	\$	<u>3,082,813</u>
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(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF JENNINGS

ENTERPRISE FUND  
Balance Sheet  
March 31, 2007

Statement A

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable vendors	\$ 25,845
Accrued wages and payroll taxes	666
Compensated absences payable	7,539
Intergovernmental payable	7,342
Deferred credits and other liabilities	<u>773</u>

Total Current Liabilities 42,165

Current Liabilities Payable From Current Restricted Assets

Deposits due others	27,338
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Noncurrent Liabilities

Compensated absences payable	<u>17,939</u>
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Total Liabilities 87,442

NET ASSETS

Invested in capital assets, net of related debt	2,512,959
Unrestricted	<u>482,412</u>

NET ASSETS 2,995,371

TOTAL LIABILITIES AND NET ASSETS \$ 3,082,813

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**HOUSING AUTHORITY OF THE CITY OF JENNINGS**

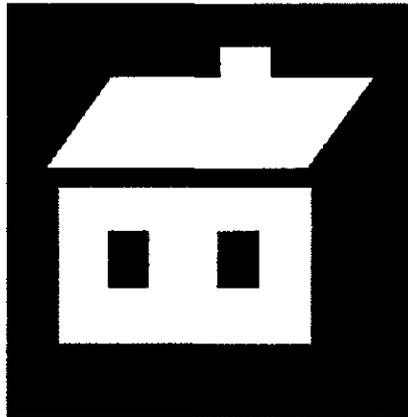
**ENTERPRISE FUND  
Statement of Revenues, Expenses,  
and Changes in Net Assets  
For the Year Ended March 31, 2007**

**Statement B**

<b>OPERATING REVENUES</b>	
Dwelling rental	\$ 319,970
Governmental operating grants	200,336
Other	<u>11,859</u>
 Total revenues	 <u>532,165</u>
 <b>OPERATING EXPENSES</b>	
Administration	194,657
Tenant services	39,039
Utilities	28,550
Ordinary maintenance & operations	239,067
General expenses	73,593
Depreciation	<u>300,662</u>
 Total operating expenses	 <u>875,588</u>
 Operating Income (loss)	 <u>(343,403)</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest earnings	19,879
Gain (loss) on sale of fixed assets	<u>390</u>
 Total nonoperating revenues (expenses)	 <u>20,269</u>
 Capital contributions	131,269
 Change in Net Assets	(191,865)
 NET ASSETS AT BEGINNING OF YEAR	 <u>3,187,236</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 2,995,371</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the City of Jennings**



**HOUSING AUTHORITY OF THE CITY OF JENNINGS**

**ENTERPRISE FUND  
Statement of Cash Flows  
For the Year Ended March 31, 2007**

Statement C

	<u>TOTAL</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Rental receipts	\$ 319,882
Other receipts	11,172
Federal grants	200,262
Payments to vendors	(382,191)
Payments to employees	<u>(208,240)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(59,115)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Capital contributions	<u>131,269</u>
 NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	 <u>131,269</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Sale of fixed assets	390
Purchase fixed assets	<u>(411,277)</u>
 NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(410,887)</u>
 <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Interest and dividends	18,543
Purchase investments	<u>(12,322)</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>6,221</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (332,512)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>518,847</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 186,335</u>
 <b>RECONCILIATION TO BALANCE SHEET</b>	
Cash and cash equivalents	158,997
Tenant deposits	<u>27,338</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$ 186,335</u>

HOUSING AUTHORITY OF THE CITY OF JENNINGS

ENTERPRISE FUND  
Statement of Cash Flows  
For the Year Ended March 31, 2007

Statement C

	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (343,403)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	300,662
Change in assets and liabilities:	
(Increase) decrease receivables, net	(162)
(Increase) decrease prepaid items	(2,698)
(Increase) decrease inventories	30
Increase (decrease) accounts payable	(12,736)
Increase (decrease) accrued wages	(2,029)
Increase (decrease) compensated absences	2,370
Increase (decrease) due to other governments	241
Increase (decrease) deferred credits	(703)
Increase (decrease) deposits due others	<u>(687)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (59,115)</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the City of Jennings**  
**Notes to the Basic Financial Statements**

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**Housing Authority of the City of Jennings  
Notes to the Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying basic financial statements of the Housing Authority of the City of Jennings 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.

**A. BASIS OF PRESENTATION** Housing Authorities are chartered as public corporations under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Jennings, serve a staggered term of four years.

Under the United States Housing Act of 1937, as amended, the U. S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-rent character.

The Housing Authority had 166 units in management at projects LA 118-1/2.

<u>Program</u>	<u>Contract Number</u>	<u>Number of Units</u>
PHA Owned Housing	FW -2028	166

**B. REPORTING ENTITY** GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and fiscally independent, the Housing Authority is a separate governmental reporting entity.

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

The Housing Authority includes all funds, activities, et cetera, that are within the oversight responsibility of the Housing Authority.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the housing authorities, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

**Housing Authority of the City of Jennings**  
**Notes to the Basic Financial Statements**

**C. FUNDS** The accounts of the Housing 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 Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

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 measurement focus all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and providing goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Housing Authority first applies restricted resources when an expense is incurred for which restricted or unrestricted resources could be used.

**D. BUDGETS**

**General Budget Policies** The following summarizes the budget activities of the Housing Authority during the year ended March 31, 2007:

The Housing Authority adopted budgets for all HUD-funded programs. The budget is controlled by fund at the function level. All appropriations lapse at year end.

The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

**E. CASH AND CASH EQUIVALENTS** Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at the lower of market or cost.

**Housing Authority of the City of Jennings  
Notes to the Basic Financial Statements**

**F. INVESTMENTS** Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

**Definitions:**

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

**G. INVENTORY AND PREPAID ITEMS** All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the purchase method. At year end the amount of inventory is recorded for external financial reporting. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

**H. CAPITAL ASSETS** Capital assets, valued at \$500 or above except for ranges and refrigerators, are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and fixtures	5 to 7 years
Computers	3 years

**I. COMPENSATED ABSENCES** The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

**J. FUND EQUITY** Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

**Housing Authority of the City of Jennings  
Notes to the Basic Financial Statements**

**K. DEFERRED REVENUES** The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

**L. 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 financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS** At March 31, 2007, the Housing Authority has cash, cash equivalents, and investments as follows:

Cash on hand	\$ 100
Interest-bearing demand deposits	186,235
Time deposits	<u>349,357</u>
Total	<u>\$535,692</u>
Cash and cash equivalents	\$158,997
Cash and cash equivalents - restricted	27,338
Investments	<u>349,357</u>
Total	<u>\$535,692</u>

**Interest Rate Risk:** The Housing Authority's policy does not address interest rate risk.

**Credit Rate Risk:** The Housing Authority's investments are in Certificates of Deposits, which do not have credit ratings; however, the Housing Authority's policy does not address credit rate risk.

**Custodial Credit Risk:** At March 31, 2007, the Housing Authority's carrying amount of deposits was \$535,592 and the bank balance was \$542,608, which includes \$349,357 in certificates of deposits classified as investments. Of the bank balance, \$442,608 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Investments during the year were solely in time deposits at banks.

**Housing Authority of the City of Jennings  
Notes to the Basic Financial Statements**

**NOTE 3 - RECEIVABLES** The receivables at March 31, 2007, are as follows:

Class of Receivables

Residents	\$ 201
HUD	19,802
Interest	<u>3,662</u>
Total	<u>\$23,665</u>

No allowance for doubtful accounts was established because the Housing Authority expects to collect these balances in full.

**NOTE 4 - CAPITAL ASSETS** The changes in capital assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Non-depreciable assets:</b>				
Land and buildings	\$ 130,578	\$ 0	\$ 0	\$ 130,578
Construction in progress	200,737	129,935	257,722	72,950
<b>Depreciable assets:</b>				
<b>Exhaustible capital assets</b>				
Buildings	6,853,213	531,715	0	7,384,928
Furniture and equipment	<u>244,550</u>	<u>7,801</u>	<u>5,315</u>	<u>247,036</u>
Total	7,429,078	669,451	263,037	7,835,492
<b>Less: accumulated depreciation</b>				
Buildings	4,825,719	284,882	0	5,110,601
Furniture and equipment	<u>201,016</u>	<u>15,779</u>	<u>4,863</u>	<u>211,932</u>
Total	<u>5,026,735</u>	<u>300,661</u>	<u>4,863</u>	<u>5,322,533</u>
Capital assets, net	<u>\$2,402,343</u>	<u>\$368,790</u>	<u>\$258,174</u>	<u>\$2,512,959</u>

**NOTE 5 - RETIREMENT SYSTEM** The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan 90 days from the first date of employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5.5 % of his effective compensation, and may make additional contributions up to 10% of his effective compensation. The employer is required to make monthly contributions equal to 7 % of each participant's effective compensation.

**Housing Authority of the City of Jennings  
Notes to the Basic Financial Statements**

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

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the Housing Renewal and Local Agency Retirement Plan may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority's total payroll for year ended March 31, 2007, was \$208,241. The Housing Authority's contributions were calculated using the base salary amount of \$200,631. The Housing Authority made the required contributions of \$32,882 for the year ended March 31, 2007, of which \$14,044 was paid by the Housing Authority and \$18,838 was paid by employees. No payments were made out of the forfeiture account.

**NOTE 6 - INTERGOVERNMENTAL PAYABLE** The payable at March 31, 2007, is as follows:

Payment in Lieu of Taxes	\$7,342
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**NOTE 7 - COMPENSATED ABSENCES** At March 31, 2007, employees of the Housing Authority have accumulated and vested \$25,478 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made. Following is a summary of the compensated absence transactions for the year:

Balance at beginning of year	\$23,108
Additions	7,539
Deductions	<u>5,169</u>
Balance at end of year	<u>\$25,478</u>
Due within one year	<u>\$ 7,539</u>

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

**Litigation** The Housing Authority is not presently involved in litigation.

**Construction Projects** There are certain major construction projects in progress at March 31, 2007. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

**Grant Disallowances** The Housing Authority participates in a number of federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133 through March 31, 2006, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**NOTE 9 - RISK MANAGEMENT** The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

**Housing Authority of the City of Jennings**  
**Notes to the Basic Financial Statements**

**NOTE 10 - ECONOMIC DEPENDENCY** Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$326,955 to the Housing Authority, which represents approximately 48% of the Housing Authority's total revenue for the year.

Housing Authority of the City of Jennings

**ACTUAL CAPITAL FUND  
COST CERTIFICATE  
March 31, 2007**

1. The actual Capital Fund costs are as follows:

	<b>PROJECT LA 48P11850105</b>
Funds Approved	\$259,056
Funds Expended	<u>259,056</u>
Excess of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$259,056
Funds Expended	<u>259,056</u>
Excess of Funds Advanced	<u>\$ 0</u>

2. The distribution of costs by project as shown on the final schedule of Capital Fund expenditures dated August 11, 2006, accompanying the actual Capital Fund cost certificate submitted to HUD for approval is in agreement with the Housing Authority's records.

3. All Capital Fund costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of the City of Jennings

Financial Data Schedule  
For the Year Ended March 31, 2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Other Federal Program 1	Total
111	Cash - Unrestricted	\$158,997	\$0	\$0	\$158,997
114	Cash - Tenant Security Deposits	\$27,338	\$0	\$0	\$27,338
100	Total Cash	\$186,335	\$0	\$0	\$186,335
122	Accounts Receivable - HUD Other Projects	\$0	\$19,802	\$0	\$19,802
126	Accounts Receivable - Tenants - Dwelling Rents	\$201	\$0	\$0	\$201
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$3,662	\$0	\$0	\$3,662
120	Total Receivables, net of allowances for doubtful accounts	\$3,863	\$19,802	\$0	\$23,665
131	Investments - Unrestricted	\$349,357	\$0	\$0	\$349,357
142	Prepaid Expenses and Other Assets	\$5,122	\$0	\$0	\$5,122
143	Inventories	\$5,375	\$0	\$0	\$5,375
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$19,802	\$0	\$0	\$19,802
150	Total Current Assets	\$569,854	\$19,802	\$0	\$589,656
161	Land	\$130,578	\$0	\$0	\$130,578
162	Buildings	\$6,746,989	\$257,722	\$0	\$7,004,711
163	Furniture, Equipment & Machinery - Dwellings	\$102,824	\$1,334	\$0	\$104,158
164	Furniture, Equipment & Machinery - Administration	\$142,878	\$0	\$0	\$142,878
165	Leasehold Improvements	\$380,217	\$0	\$0	\$380,217
166	Accumulated Depreciation	(\$5,305,498)	(\$17,035)	\$0	(\$5,322,533)
167	Construction In Progress	\$0	\$72,950	\$0	\$72,950
160	Total Fixed Assets, Net of Accumulated Depreciation	\$2,197,988	\$314,971	\$0	\$2,512,959
180	Total Non-Current Assets	\$2,197,988	\$314,971	\$0	\$2,512,959
190	Total Assets	\$2,767,842	\$334,773	\$0	\$3,102,615

Housing Authority of the City of Jennings

Financial Data Schedule

For the Year Ended March 31, 2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program		Total
312	Accounts Payable <= 90 Days	\$25,845	\$0	\$0	\$25,845
321	Accrued Wage/Payroll Taxes Payable	\$666	\$0	\$0	\$666
322	Accrued Compensated Absences - Current Portion	\$7,539	\$0	\$0	\$7,539
333	Accounts Payable - Other Government	\$7,342	\$0	\$0	\$7,342
341	Tenant Security Deposits	\$27,338	\$0	\$0	\$27,338
342	Deferred Revenues	\$773	\$0	\$0	\$773
347	Interprogram Due To	\$0	\$19,802	\$0	\$19,802
310	Total Current Liabilities	\$68,603	\$19,802	\$0	\$88,305
354	Accrued Compensated Absences - Non Current	\$17,939	\$0	\$0	\$17,939
350	Total Noncurrent Liabilities	\$17,939	\$0	\$0	\$17,939
300	Total Liabilities	\$87,442	\$19,802	\$0	\$107,244
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$2,197,988	\$314,971	\$0	\$2,512,959
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$482,412	\$0	\$0	\$482,412
513	Total Equity/Net Assets	\$2,680,400	\$314,971	\$0	\$2,995,371
600	Total Liabilities and Equity/Net Assets	\$2,767,842	\$334,773	\$0	\$3,102,615

Housing Authority of the City of Jennings

Financial Data Schedule  
For the Year Ended March 31, 2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Other Federal Program 1	Total
703	Net Tenant Rental Revenue	\$319,157	\$0	\$0	\$319,157
704	Tenant Revenue - Other	\$3,079	\$0	\$0	\$3,079
705	Total Tenant Revenue	\$322,236	\$0	\$0	\$322,236
706	HUD PHA Operating Grants	\$195,386	\$300	\$0	\$195,686
706.1	Capital Grants	\$0	\$131,269	\$0	\$131,269
708	Other Government Grants	\$0	\$0	\$4,650	\$4,650
711	Investment Income - Unrestricted	\$19,879	\$0	\$0	\$19,879
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0
715	Other Revenue	\$9,593	\$0	\$0	\$9,593
716	Gain/Loss on Sale of Fixed Assets	\$390	\$0	\$0	\$390
720	Investment Income - Restricted	\$0	\$0	\$0	\$0
700	Total Revenue	\$547,484	\$131,569	\$4,650	\$683,703

Housing Authority of the City of Jennings

Financial Data Schedule  
For the Year Ended March 31, 2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Other Federal Program 1	Total
911	Administrative Salaries	\$101,617	\$0	\$0	\$101,617
912	Auditing Fees	\$6,400	\$0	\$0	\$6,400
914	Compensated Absences	\$2,369	\$0	\$0	\$2,369
915	Employee Benefit Contributions - Administrative	\$42,929	\$0	\$0	\$42,929
916	Other Operating - Administrative	\$41,342	\$0	\$0	\$41,342
921	Tenant Services - Salaries	\$26,417	\$0	\$0	\$26,417
922	Relocation Costs	\$1,482	\$0	\$0	\$1,482
923	Employee Benefit Contributions - Tenant Services	\$11,160	\$0	\$0	\$11,160
931	Water	\$16,106	\$0	\$0	\$16,106
932	Electricity	\$10,695	\$0	\$0	\$10,695
933	Gas	\$1,749	\$0	\$0	\$1,749
941	Ordinary Maintenance and Operations - Labor	\$80,207	\$0	\$0	\$80,207
942	Ordinary Maintenance and Operations - Materials and Other	\$45,694	\$0	\$0	\$45,694
943	Ordinary Maintenance and Operations - Contract Costs	\$73,457	\$300	\$0	\$73,757
945	Employee Benefit Contributions - Ordinary Maintenance	\$33,884	\$0	\$0	\$33,884
961	Insurance Premiums	\$66,062	\$0	\$0	\$66,062
963	Payments in Lieu of Taxes	\$7,343	\$0	\$0	\$7,343
964	Bad Debt - Tenant Rents	\$188	\$0	\$0	\$188
969	Total Operating Expenses	\$569,081	\$300	\$0	\$569,381
970	Excess Operating Revenue over Operating Expenses	(\$21,597)	\$131,269	\$4,650	\$114,322
972	Casualty Losses - Non-Capitalized	\$875	\$0	\$4,650	\$5,525
974	Depreciation Expense	\$283,626	\$17,036	\$0	\$300,662
900	Total Expenses	\$853,582	\$17,336	\$4,650	\$875,568
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$306,098)	\$114,233	\$0	(\$191,865)
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$2,677,663	\$509,573	\$0	\$3,187,236
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$308,835	(\$308,835)	\$0	\$0
1120	Unit Months Available	1,903	0	0	1,903
1121	Number of Unit Months Leased	1,871	0	0	1,871

**Housing Authority of the City of Jennings**

**SCHEDULE OF COMPENSATION PAID BOARD MEMBERS  
For the Year Ended March 31, 2007**

The members of the Board of Commissioners serve without compensation.

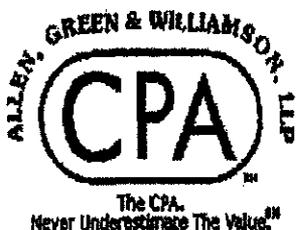
Cheryl Hebert, Chairman

Joe Serrin, Vice Chairman

Allen Achane

Donald Francis

Janet Jones



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**Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

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

We have audited the financial statements of the Housing Authority of the City of Jennings, Jennings, Louisiana as of and for the year ended March 31, 2007, and have issued our report thereon dated September 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Allen, Green + Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
September 28, 2007

## **Other Information**

