INGLEWOOD HOUSING AUTHORITY (A Component Unit of the City of Inglewood, California)

Independent Auditor's Report,
Management's Discussion and Analysis,
Basic Financial Statements and Supplementary Information

For the Fiscal Year Ended September 30, 2006

INGLEWOOD HOUSING AUTHORITY For the Fiscal Year Ended September 30, 2006

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The Honorable Mayor and Members of the City Council City of Inglewood, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities of the Inglewood Housing Authority (Authority), a component unit of the City of Inglewood, California (City), as of and for the fiscal year ended September 30, 2006, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Authority as of September 30, 2006, 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 April 15, 2008 on our consideration of the Authority's internal control over financial reporting and 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 and the budgetary comparison schedule identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.





Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards have 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.

Los Angeles, California

inpon & Simpson

April 15, 2008



The information presented in the "Management's Discussion and Analysis" (MD&A) is intended to be a narrative overview of the financial activities of the Inglewood Housing Authority (Authority) for the fiscal year ended September 30, 2006 We encourage readers to consider this information in conjunction with the accompanying financial statements, notes and required supplementary information.

FINANCIAL HIGHLIGHTS

The Authority's assets exceeded its liabilities at the close of fiscal year ended September 30, 2006 by \$19,730 (net assets), a decrease of \$531,564 (change in net assets) compared to the prior fiscal year. Significant changes in the Authority's assets and liabilities during the fiscal year are as follows:

- Receivables, net of allowance, decreased by \$4,268,200. The decrease is primarily due to a settlement with the Housing Authority of the City of Los Angeles (HACLA) in the amount of \$2,670,988 for delinquent Section 8 Portable Voucher Program receivables and an increase in the allowance for doubtful accounts in the amount of \$876,717 for delinquent receivables from the Housing Authority of the County of Los Angeles.
- The amount due to the City of Inglewood (City) decreased by \$3,816,961. This decrease resulted from the receipt of delinquent receivables, reducing the need for short term funding.

FINANCIAL STATEMENT OVERVIEW

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are made up of the following two financial statements: the *Statement of Net Assets* and the *Statement of Activities*. Both of these statements are prepared using accounting methods similar to those used by private-sector companies, the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Assets provides information regarding all of the Authority's assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities presents information showing the Authority's revenues and expenses for the fiscal year. All revenues and expenses are reported as soon as the underlying event giving rise to them occurs, regardless of the timing of related cash flows.

The basic services of the Authority are considered to be governmental activities. All Authority activities are primarily funded by federal grants or administrative fees from other cities.

Fund Financial Statements: 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 Authority uses fund accounting to ensure and demonstrate compliance with legal requirements. All of the Authority's services are reported in a governmental fund (Housing Special Revenue Fund). This fund is reported using modified accrual accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash. The governmental fund statements provide a detailed view of the Authority's operations.

The Authority's governmental fund equals its governmental activities shown in the Statement of Net Assets and Statement of Activities.

Notes to basic financial statements: The notes provide information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information: This section of the report contains a budgetary comparison schedule for the Housing Special Revenue Fund. This section is presented to provide supplementary information required by the Government Accounting Standards Board that is useful to users of these financial statements.

AUTHORITY-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets

The following table compares the Authority's net assets as of September 30, 2006 to the amounts at September 30, 2005.

Statement of Net Assets

	Governmental Activities			
	2006		2005	
Receivables, net of allowance for doubtful accounts Prepaid rents	\$	1,095,364 686,099	\$	5,363,564 766,968
Total assets		1,781,463		6,130,532
Due to City Other liabilities Total liabilities		1,318,687 443,046 1,761,733		5,135,648 443,590 5,579,238
Net assets: Unrestricted		19,730		551,294
Total net assets	\$	19,730	\$	551,294

The Authority's unrestricted net assets were \$19,730 at the close of this fiscal year.

Analysis of Activities

Governmental Activities:

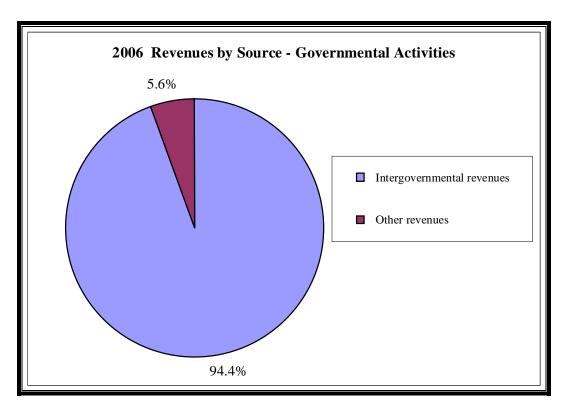
<u>Revenues</u>: The Authority's governmental activities are financed by intergovernmental revenues, which comprised the largest revenue source for the Authority. Other revenue included administrative fees from other cities. Total revenues for fiscal year ended September 30, 2006 governmental activities were \$12,622,811, a decrease of \$500,431 over the prior year. The decrease is primarily due to lower funding levels from HUD.

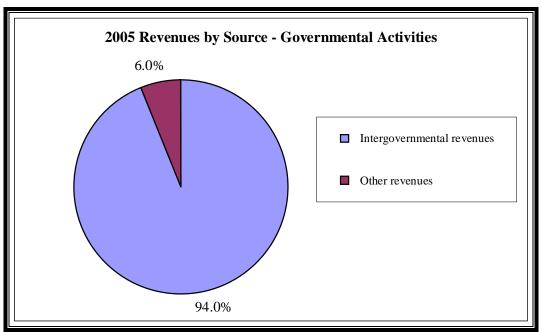
<u>Expenses</u>: Total expenses for fiscal year ended September 30, 2006 governmental activities were \$13,154,375. This amount was spent for housing assistance payments and administration. Expenses increased by \$775,057 from the prior year primarily due to reductions in landlord payments and allowance for doubtful accounts charges.

The following table provides summarized information from the Statement of Activities:

	Governmental Activities			
	2006			2005
Revenues:				
Intergovernmental revenues	\$	11,910,197	\$	12,337,672
Other revenues		712,614		785,570
Total revenues		12,622,811		13,123,242
Expenses: Community Development Total expenses		13,154,375 13,154,375		12,379,318 12,379,318
Change in net assets		(531,564)		743,924
Net assets – beginning of the year		551,294		(192,630)
Net assets – end of the year	\$	19,730	\$	551,294

The following charts present percentage breakdowns of revenues for the fiscal years ended September 30, 2006 and 2005.





FUND FINANCIAL ANALYSIS

The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The governmental fund is accounted for using a current financial resources measurement focus. With this measurement focus, only assets and current liabilities generally are included on the balance sheet. Such information is useful in assessing the Authority's financial requirements. Activities of the Authority are reported in the Housing Special Revenue Fund.

At September 30, 2006, the Authority's governmental fund reported a fund balance of \$19,730, compared to \$551,294 in the prior year. The decrease is primarily due to write-off of bad debts related to the Portable Voucher Program. The total fund balance is unreserved and is available for spending at the Authority's discretion.

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2006, the Authority had no capital assets or long-term debt.

Economic Factors and Next Year's Budget and Rates

- California's economy experienced slowing growth in 2006. Slowing economic growth is expected to continue into 2009.
- California's unemployment rate was 6.1 percent in December 2007. In December 2006, California's unemployment rate was 4.8 percent. Unemployment is expected to increase in the short term due to weakness in the housing and financial services sectors.
- In 2006, the Los Angeles County Assessor listed Inglewood as one of the county's top ten cities with the greatest change in property values. Comparing 2006 with 2005, the assessed values of all taxable property in Inglewood rose 13.4%, while the County of Los Angeles as a whole rose 10.8%. However, the regional housing market is expected to experience declining values into 2009.
- Increasing retirement benefits costs are expected to have an impact on future budgets. It is expected that pension costs and contributions will continue to increase for 2007 and 2008.

All these factors were considered in the preparation of the budget for fiscal year 2007 and future years.

Request for Information

We hope that the preceding information has provided you with a general overview of the Authority's overall financial status. For questions or comments concerning information contained in this report, please contact the City of Inglewood Finance Department, One Manchester Boulevard, P.O. Box 6500, Inglewood, CA 90301.

Basic Financial Statements -Government-Wide Financial Statements

Statement of Net Assets September 30, 2006

	Governme Activitie	
ASSETS		
Receivables, net of allowance for doubtful accounts	\$	1,095,364
Prepaid rents		686,099
Total assets		1,781,463
LIABILITIES		
Accounts/vouchers payable		219,329
Accrued wages payable		61,212
Deposits and funds held for others		45,340
Due to HUD		117,165
Due to City		1,318,687
Total liabilities		1,761,733
NET ASSETS		
Unrestricted		19,730
Total net assets	\$	19,730

Statement of Activities For the Fiscal Year Ended September 30, 2006

			Net	(Expenses)
			Re	venues and
		Program	Cł	nanges in
		Revenues	N	et Assets
		Operating		
		Grants and	Go	vernmental
	Expenses	Contributions	Α	activities
FUNCTION/PROGRAM ACTIVITIES:				
Primary government:				
Community development	\$ 13,154,375	\$ 12,622,811	\$	(531,564)
Total governmental activities	\$ 13,154,375	\$ 12,622,811		(531,564)
	Change in net asset	s		(531,564)
	NET ASSETS, BEGI	NNING OF YEAR		551,294
				_
	NET ASSETS, END	OF YEAR	\$	19,730

See accompanying notes to basic financial statements.

Basic Financial Statements - Fund Financial Statements

Balance Sheet Governmental Fund September 30, 2006

ASSETS:	
Receivables, net of allowance for doubtful accounts	\$ 1,095,364
Prepaid rents	 686,099
Total assets	\$ 1,781,463
	 _
LIABILITIES AND FUND	
BALANCES:	
Liabilities:	
Accounts payable	\$ 219,329
Accrued wages and benefits	61,212
Customer deposits and funds held for others	45,340
Due to HUD	117,165
Due to City	 1,318,687
Total liabilities	1,761,733
Fund balance:	
Reserved for:	
Encumbrances	27,532
Unreserved:	
Undesignated	 (7,802)
Total fund balance	 19,730
Total liabilities and fund balance	\$ 1,781,463

See accompanying notes to basic financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Fund For the Fiscal Year Ended September 30, 2006

REVENUES: Intergovernmental revenues Other revenues	\$ 11,910,197 712,614
Total revenues	 12,622,811
EXPENDITURES:	
Personnel services	1,281,244
Maintenance and operations	11,873,131
Total expenditures	13,154,375
Excess (deficiency) of revenues over (under) expenditures	(531,564)
FUND BALANCES, BEGINNING OF YEAR	551,294
FUND BALANCES, END OF YEAR	\$ 19,730

Basic Financial Statements - Notes to the Basic Financial Statements

Notes to the Basic Financial Statements For the Fiscal Year Ended September 30, 2006

NOTE 1 – NATURE AND OPERATIONS OF THE AUTHORITY

The Inglewood Housing Authority (Authority) is a separate governmental entity created in 1976 to foster the growth and development of affordable housing for low-income residents of the City of Inglewood (City). The Authority has the responsibility of managing federally subsidized rent programs within the City, including:

- The Housing Choice Voucher Program through which the Authority administers over 1,916 tenant-based vouchers.
- The Section 8 New Construction Program, which provides 500 units of subsidized housing for senior citizens and disabled persons.

The members of the City Council of the City also act as members of the Board of Directors of the Authority. Similarly, the officers of the City serve as officers of the Authority. Facilities, equipment and administrative, financial and legal services are provided to the Authority by the City, for which the City is reimbursed. The primary sources of revenue for the Authority are intergovernmental revenues.

Under Governmental Accounting Standards Board (GASB) Statement No. 14, the Authority is a component unit of the City and its financial activities have been blended with the financial activities of the City for purposes of financial reporting.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government - wide Financial Statements

The statement of net assets and statement of activities display information about the Authority's activities. These statements include the financial activities of the Authority. These statements present the Authority's *governmental activities*, which normally are supported by intergovernmental revenues.

The statement of activities presents a comparison between program expenses and program revenues for each function of the Authority's governmental activities. Program expenses include such direct expenses that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented instead as general revenues.

When an expense is incurred for a purpose for which both restricted and unrestricted net assets are available, management has discretion as to which resources apply. It is the Authority's policy to use restricted resources before unrestricted resources.

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended September 30, 2006

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on the major governmental funds. The financial activities of the Authority are accounted for in a single special revenue fund.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, special assessments, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund type financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues and other governmental fund type financial resources are recognized when they become susceptible to accrual – that is, when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered available and are accrued when received within sixty days after fiscal year-end.

Revenue received from expenditure driven (cost-reimbursement) grants, contracts and other nonexchange transactions, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, are considered available and accrued if expected to be received within twelve months after fiscal year-end.

Cash and investments

The Authority's cash from operations is deposited in the City Treasury. The City pools its funds with other government agencies in the City and invests them as prescribed by the California Government Code. The Authority's deposits in the City pool may be accessed at any time. The Authority is allocated interest income on monies deposited with the City based on its average monthly proportional share of the pooled cash and investments. All pooled investments are carried at fair value.

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended September 30, 2006

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- Invested In Capital Assets, Net of Related Debt This category groups all capital assets, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Assets This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Assets This category represents net assets of the Authority, not restricted for any project or other purpose.

Reservations/Designations

In fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended September 30, 2006

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental funds in the balance sheet are the same as those reported for governmental activities in the statement of net assets. The following table compares the governmental fund balance sheet to the statement of net assets:

		Total			Sta	atement of
	Go	vernmental	Long-Term	Long-Term	N	let Assets
		Funds	Assets	Liabilities		Totals
Assets:						_
Receivables, net	\$	1,095,364	-	-	\$	1,095,364
Prepaid Rents		686,099				686,099
Total assets	\$	1,781,463			\$	1,781,463
Liabilities:						
Accounts/vouchers payable	\$	219,329	-	-	\$	219,329
Accrued wages payable		61,212	-	-		61,212
Deposits and funds held for others		45,340	-	-		45,340
Due to HUD		117,165	-	-		117,165
Due to City		1,318,687	_	-		1,318,687
Total liabilities	\$	1,761,733			\$	1,761,733
Fund balances / net assets:						
Total fund balances / net assets	\$	19,730			\$	19,730

NOTE 4 – RECEIVABLES

As of September 30, 2006, the balance of receivables was as follows:

Due from tenants Due from HUD Due from other Cities	\$ 14,6. 368,1 1,382,4.		
Total Receivables Less: Allowance for doubtful accounts	\$	1,765,278 (669,914)	
Receivables, net of allowance for doubtful accounts	\$	1,095,364	

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended September 30, 2006

NOTE 5 – SELF-INSURANCE PROGRAM

In conjunction with the City, the Authority is self-insured for the first \$1,000,000 of general liability claims and for the first \$250,000 of workers' compensation claims. Information pertaining to the amounts accrued for claims payable may be found in the City's Comprehensive Annual Financial Report. The annual premium to the Authority in fiscal year 2006 was approximately \$15,369.

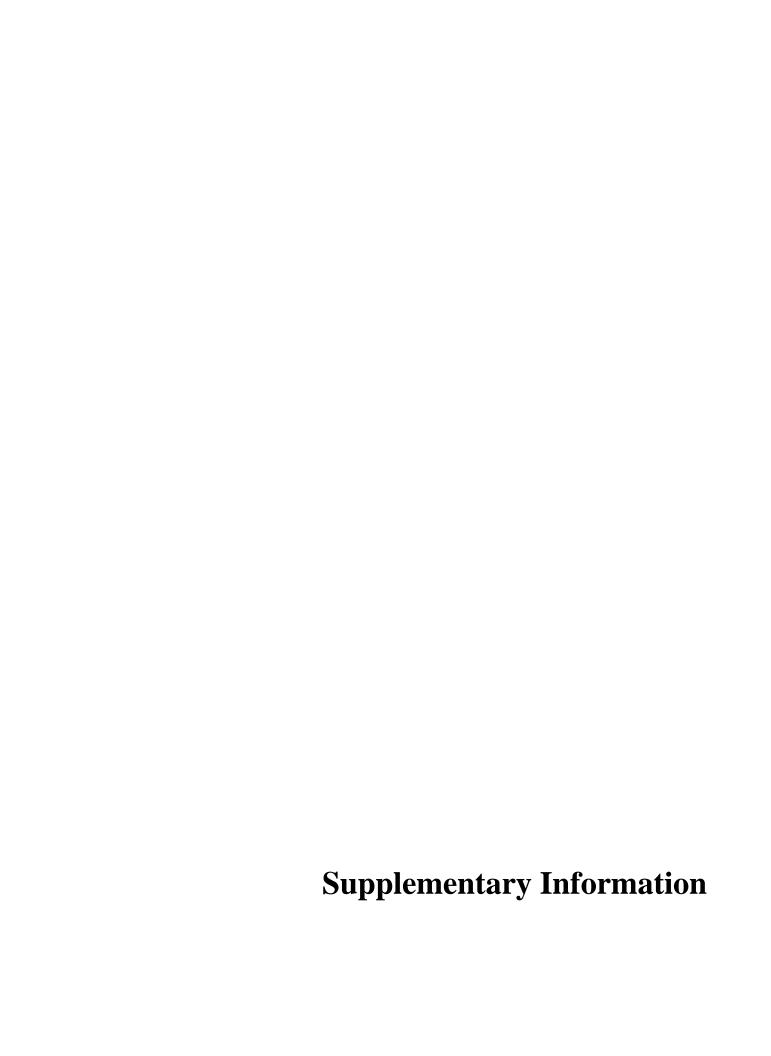
NOTE 6 – RETIREMENT PLAN

The Authority, as part of the City, contributes to the California Public Employees Retirement System (PERS). PERS is an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for municipalities in California. The Authority pays the City's share of pension costs and Employer Paid Member Contribution, which amounted to \$27,801 and \$63,890, respectively, for the fiscal year ended September 30, 2006. Contribution amounts are based upon rates established by PERS for the City's general employees who have performed services for the Authority. No separate pension benefit obligation is calculated for the Authority; and accordingly, no obligation is presented herein. Further information regarding the City's participation in PERS may be found in the City's Comprehensive Annual Financial Report.

NOTE 7 – RELATIONSHIP WITH THE CITY OF INGLEWOOD

The Authority does not have any employees and does not own or use facilities separated from the City. Facilities, equipment and administrative, financial and legal services are provided to the Authority by the City, for which the City is reimbursed. During the fiscal year ended September 30, 2006, the City was reimbursed \$1,265,875 for salaries and benefits, \$397,036 for administration and facilities and \$15,369 for worker's compensation insurance. The City paid the remainder of the Authority's expenditures to third parties.

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Note to Supplementary Information For the Fiscal Year Ended September 30, 2006

BUDGETARY COMPARISON SCHEDULE

The Authority adopts an annual budget for all fund types as a management control technique to assist in controlling expenditures and enforcing revenue provisions. The adopted budget is consistent with GAAP except as follows:

Basis Difference - Purchases and sales of land held for resale are recorded as expenditures or revenue, respectively, for budgetary purposes while for GAAP purposes, they are recorded as additions or deletions of assets, respectively.

Timing Difference - Encumbrances, which represent commitments to acquire goods and services, are recorded as the equivalent of expenditures for budgetary purposes while they are recorded as reservations of fund balances for GAAP purposes.

Perspective Difference - Due to the Authority's relationship with the City, operating transfers between the Authority and the City are recorded as other financing sources or other financing uses for budgetary purposes while they are recorded as revenues or expenditures for GAAP purposes.

The Authority's Executive Director has the authority to transfer monies between line items and between and within organizational division, section activity, and program budgets, without restriction as to amount. The Authority's Executive Director may transfer monies between personnel service, maintenance and operation, and capital outlay and improvement accounts up to the amount of \$5,000 without approval of the Authority Board, as set forth in the Inglewood Municipal Code Section 2-235. However, the Authority Board has exclusive authority to approve any transfers exceeding \$5,000.

In order to provide a meaningful comparison of actual results with the budget, reconciliation between the budgetary and GAAP bases has been presented in the accompanying Budgetary Comparison Schedule.

Budgetary Comparison Schedule For the Fiscal Year Ended September 30, 2006

	Budgeted	Amounts	Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental revenues	\$ 13,204,416	\$ 13,204,416	\$ 11,910,197	\$ (1,294,219)
Other revenues	8,742,000	8,742,000	712,614	(8,029,386)
Total revenues	21,946,416	21,946,416	12,622,811	(9,323,605)
EXPENDITURES:				
Personnel services	1,442,640	1,476,268	1,281,244	195,024
Maintenance and operations	19,954,327	19,954,327	11,862,514	8,091,813
Capital outlay	5,000	5,000	5,000	· · ·
Total expenditures	21,401,967	21,435,595	13,148,758	8,286,837
Excess (deficiency) of revenues				
over (under) expenditures	544,449	510,821	(525,947)	(1,036,768)
Reconciliation of GAAP basis fund balances				
Expenditures incurred on prior year's encumbrances	-	-	(10,488)	(10,488)
Current year encumbrances			4,871	4,871
NET CHANGE IN FUND BALANCE	544,449	510,821	(531,564)	(1,042,385)
FUND BALANCE, BEGINNING OF YEAR	551,294	551,294	551,294	
FUND BALANCE, END OF YEAR	\$ 1,095,743	\$ 1,062,115	\$ 19,730	\$ (1,042,385)

Supplemental Information Section Required By OMB Circular A-133 And *Government Auditing Standards*



FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
CARL P. SIMPSON, CPA

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

To the Honorable Mayor and Members of the City Council Inglewood Housing Authority, California

We have audited the financial statements of the governmental activities of the Inglewood Housing Authority, California (Authority), a component unit of the City of Inglewood, California (City), as of and for the fiscal year ended September 30, 2006, and have issued our report thereon dated April 15, 2008. 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 Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

Our consideration of the 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 the 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 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*.

We noted certain matters that we reported to management of the Authority in a separate letter dated April 15, 2008.

This report is intended solely for the information and use of the Mayor, City Council, and the Authority's 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.

Los Angeles, California

Singson & Singson

April 15, 2008



FOUNDING PARTNERS BRAINARD C. SIMPSON, CPA CARL P. SIMPSON, CPA

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Honorable Mayor and Members of the Authority Council Inglewood Housing Authority, California

Compliance

We have audited the compliance of the **Inglewood Housing Authority** (Authority), a component unit of the City of Inglewood, California (City), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended September 30, 2006. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended September 30, 2006.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.





A control deficiency in the Authority's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, City Council, the Authority's 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.

Los Angeles, California

Simpon & Singson

April 15, 2008

INGLEWOOD HOUSING AUTHORITY Schedule of Expenditures of Federal Awards For the Fiscal Year Ended September 30, 2006

US Department of Housing and Urban Development

Direct Programs

 Section 8 New Construction Program
 14.182
 NC-009, NC-0023
 \$ 3,789,037

 Section 8 Voucher Program
 14.871
 CA082VO
 8,121,160

Total Federal Awards \$ 11,910,197

NOTES TO SCHEDULE:

1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Inglewood Housing Authority (Authority). The Authority's reporting entity is defined in Note 1 to the Authority's basic financial statements. All federal financial awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Authority's basic financial statements. Program expenditures are recognized when incurred and are claimed subject to the approved budget limitations by cost category.

3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Expenditures of federal awards are included in the Authority's basic financial statements as expenditures of the special revenue fund.

INGLEWOOD HOUSING AUTHORITY Schedule of Findings and Recommendations For the Fiscal Year Ended September 30, 2006

Section I – Summary of Auditor's Results

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Finan	cial	State	ments

and type B programs:

Auditee qualified as low-risk auditee?

Type of auditor's report issued: Unqualified Internal control over financial reporting: Material weakness (es) identified? None Reportable condition(s) identified that are not considered to be material weakness (es)? None None Noncompliance material to financial statements noted? Federal Awards Internal control over major programs: Material weakness (es) identified? None Reportable condition(s) identified that are not considered to be material weakness (es)? None Type of auditor's report issued on compliance for major programs: Unqualified Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? None Identification of major programs: Federal Awards **Program Title CFDA Expended** No. 14.182 Section 8 New Construction Program \$ 3,514,568 14.871 Section 8 Voucher Program 6,817,069 10,331,637 Dollar threshold used to distinguish between type A

\$300,000

Yes

Schedule of Findings and Recommendations For the Fiscal Year Ended September 30, 2006 (Continued)

Section II – Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Schedule of Prior Year Findings and Corrective Action Plan For the Fiscal Year Ended September 30, 2006

Section I – Prior Audit Findings

No matters were reported.

Section II - Corrective Action Plan

No matters were reported.