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Release Date 4/10/02

HOUSING AUTHORITY OF THE TOWN OF JONESBORO

Annual Audit Report

JONESBORO, LOUISIANA
SEPTEMBER 30, 2001

Jean Sickels

Certified Public Accountant

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HOUSING AUTHORITY
OF THE TOWN OF JONESBORO

Jonesboro, Louisiana
September 30, 2001

TABLE OF CONTENTS

Independent Auditor's Report	<u>Page</u> 1
<u>FINANCIAL STATEMENTS</u>	
Balance Sheet	2
Statement of Income, Expenses and Changes in Retained Earnings	3
Statement of Cash Flows	4
Notes to Financial Statements	5
<u>SUPPLEMENTAL FINANCIAL INFORMATION</u>	
Combining Balance Sheet	12
Combining Statement of Income, Expenses of Changes in Retained Earnings	13
Statement and Certification of Capital Fund Grant Costs - Uncompleted	14
Financial Data Schedule	15
Schedule of Expenditures of Federal Awards	20
<u>OTHER REPORTS</u>	
Report on Compliance and On Internal Control over Financial Reporting based on an audit of Financial Statements Performed In accordance with Government Auditing Standards	21
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	23
Schedule of Findings and Questioned Costs	25

Jean Sicks

Certified Public Accountant

**870 Cinderella Court
Decatur, GA 30033-5812**

INDEPENDENT AUDITOR'S OPINION

Board of Commissioners
Housing Authority of the
Town of Jonesboro
839 Harvey Place
Jonesboro, Louisiana 71251

HUD - New Orleans Office
Public Housing Division
Hale Boggs Federal Building
501 Magazine Street
New Orleans, Louisiana 70130-3099

I have audited the accompanying financial statements of the Housing Authority of the Town of Jonesboro, as of and for the year ended September 30, 2001 as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note P to the financial statements, the Housing Authority of the Town of Jonesboro adopted the provisions of Governmental Auditing Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transaction*, as of June 30, 2001. This results in a change to the Housing Authority's method of accounting for certain revenues and a change in the format and content of the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Jonesboro as of September 30, 2001 and the results of its income, expenses and changes in retained earnings and cash flows of its proprietary funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 11, 2002 on my consideration of the Housing Authority of the Town of Jonesboro's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The reports on compliance with laws and regulations and internal control over financial reporting are an integral part of a Governmental Auditing Standards audit, and, in considering the results of the audit, these reports should be read along with the auditor's report on the financial statements.

My audit was made for the purpose of forming an opinion on the financial statements of the Housing Authority of the Town of Jonesboro, taken as a whole. 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 financial statements. The accompanying Financial Data Schedule and supplemental information as listed in the table of contents is presented for the purpose of additional analysis and is not a part of the general-purpose financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements, and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Decatur, Georgia
March 11, 2002

Jean Sicks
Certified Public Accountant

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

BALANCE SHEET
SEPTEMBER 30, 2001

ASSETS

Current Assets	
Cash	\$ 376,974
Investments	362,866
Prepaid expenses	21,276
Current Assets	761,116
Property and Equipment	
Land, structure and equipment	1,875,594
Property and Equipment	1,875,594
TOTAL ASSETS	\$ 2,636,710

LIABILITIES AND EQUITY

Current liabilities	
Accounts payable	\$ 28,468
Accrued liabilities	42,320
Deferred revenue	968
Current liabilities	71,756
Equity	
Retained earnings	689,360
Contributed capital	1,875,594
Total equity	2,564,954
TOTAL LIABILITIES AND EQUITY	\$ 2,636,710

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATEMENT OF INCOME, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

OPERATING REVENUES	
Total rental income	\$ 229,938
Other income	10,130
 TOTAL OPERATING REVENUE	 240,068
OPERATING EXPENSES	
Administrative	124,472
Utilities	12,112
Ordinary maintenance and operation	195,234
Protective Services	16,779
General expense	62,997
Extraordinary maintenance	95,957
Depreciation expense	78,010
 TOTAL EXPENSES	 585,561
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	606,008
Interest income	31,257
 TOTAL NONOPERATING REVENUES (EXPENSES)	 637,265
 NET INCOME (LOSS)	 291,772
RETAINED EARNINGS	
OCTOBER 1, 2000	681,382
 Operating transfers	 (361,804)
Depreciation add back	78,010
 RETAINED EARNINGS	
SEPTEMBER 30, 2001	689,360

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2001

Cash Flows from Operating Activities

Net income	\$ 291,772
Depreciation	78,010
Prior period adjustments	27,345
(Increase) Decrease in:	
Prepaid expenses	(1,662)
Increase (Decrease) in:	
Accounts payable	8,101
Accrued liabilities	(482)
Deferred credits	344
Net Cash Flows Provided (Used) by Operating Activities	403,428

Cash Flows from Investing Activities

Purchase of fixed assets	(389,149)
(Increase) Decrease in:	
Investments	275,621
Net Cash Flows Provided (Used) by Investing Activities	(113,528)

Net Increase (Decrease) in Cash	289,900
------------------------------------	---------

Beginning Cash and Cash
Equivalents

87,074

Ending Cash and Cash
Equivalents

\$ 376,974

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE A - Summary of Significant Accounting Policies:

The HOUSING AUTHORITY OF THE TOWN OF JONESBORO ("The Authority") is a political subdivision both corporate and politic which was established under the provision of Louisiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into an annual contributions contract with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a public housing program (Contract No. FW-1213).

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the Town of Jonesboro, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups and programs which are controlled by the entity's governing body.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO

The financial statements of the HOUSING AUTHORITY OF THE TOWN OF JONESBORO include the following:

Management:

Low-Income Public Housing

Units

191

Basis of Presentation

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Pursuant to the election option made available by GASB Statement No. 20 pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are applied in the preparation of the financial statements. The following is a summary of the more significant policies:

Accounting Policies - The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Proprietary funds:

Proprietary funds are used to account for the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund type:

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred, and / or net income is necessary for management accountability.

Basis of accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the accrual basis of accounting for all Governmental Funds. Accordingly, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets - Budgets are adopted on the basis of accounting consistent with the fund to which it applies. The Authority prepares annual operating budgets for the Low Income Public Housing program. The budgets are formally adopted by its governing Board and are approved by the funding agency. The budgets for the programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

Budget compared to Actual presentation has been omitted because the authority does not annually adopt a legally authorized budget. The authority's budget is adopted by the authority's board and approved by HUD. This budget does not represent an appropriated budget that has been signed into law or a nonappropriated budget authorized by constitution. The authority's budget represents budgetary execution and management by it's board and HUD, therefore, budgetary data and presentation is not required.

Cash Deposits, Cash Equivalents and Investments - Cash Deposits, Cash Equivalents and Investments consist of Checking Accounts, Certificates of Deposit and Treasury Bills and are stated at fair value. Cash deposits, cash equivalents and investments are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. All deposits are classified as category 1 deposits. Category 1 deposits are insured or registered or are securities that are held by the government or it's agent in the government name.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid deposits (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. There were no noncash investing, capital and financing activities during the year.

Tenant Receivables - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Housing Authority Board takes monthly action as required to write off specific uncollectible accounts receivable balances.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Fixed assets - Fixed assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Building	40 years
Leasehold improvements	10 years
Furniture & Fixtures	5-10 years
Maintenance equipment	5-10 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

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

NOTE B - Cash Deposits, Cash Equivalents and Investments:

The Authority's cash deposits include deposits with financial institutions. The carrying amount of the Authority's deposits was \$739,840 and the bank balance was \$747,840. The bank balance is categorized as follows:

Amount insured by the FDIC or collateralized with securities held by third party custodians in Authority's name	\$747,840
Amount collateralized with securities held by the Pledging financial institution's trust department in the Authority's name	0
Total bank balance	<u>\$747,840</u>

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 2001
(Continued)

NOTE B - Cash Deposits, Cash Equivalents and Investments: (Continued)

Cash Deposits, Cash Equivalents and Investments made by the Authority are summarized below. The deposits that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 - Insured or registered, or security's held by the Authority or its agent in the Authority's name
- Category 2 - Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Authority's name.
- Category 3 - Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the Authority's name.

Cash Deposits, Cash Equivalents and Investments at September 30, 2001 consist of the following:

	<u>Category</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Investment Accounts	\$362,866	\$ 0	\$ 0	\$362,866	\$362,866
Certificates of					
Deposit	232,564	\$ 0	\$ 0	232,564	\$232,564
Checking	144,410	0	0	144,410	144,410
	<u>\$739,840</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>739,840</u>	<u>739,840</u>
Investment in state investment pool				0	0
Total cash deposits and cash equivalents				<u>\$739,840</u>	<u>\$739,840</u>

NOTE C - Prepaid Expenses:

Prepaid expenses at September 30, 2001 consist of the following:

Prepaid insurance \$ 21,276

NOTE D - Fixed Assets:

A summary of changes in fixed assets is as follows:

	<u>Balance</u> <u>September</u> <u>30, 2000</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>September</u> <u>30, 2001</u>
Land	\$ 680,738	\$ 0	\$ 0	\$ 680,738
Building	2,757,107	404,137	0	3,161,244
Equipment	260,406	3,131	0	263,537
Leasehold				
Improvements	21,402	0	(21,402)	0
Accumulated				
Depreciation	<u>(2,155,198)</u>	<u>(78,010)</u>	<u>3,283</u>	<u>(2,229,925)</u>
	<u>\$ 1,564,455</u>	<u>\$ 329,258</u>	<u>\$ (18,119)</u>	<u>\$ 1,875,594</u>

Major construction renovation through the Capital Fund Grant costs of \$387,134 are yet to be expended under the current programs. HUD has approved funding for the above amount.

Current period depreciation expense is \$78,010.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 2001
(Continued)

NOTE E - Accounts payable:

Accounts payable at September 30, 2001, consist of the following:

Vendors and contractors	\$ 13,588
Security deposits	<u>14,880</u>
	<u>\$ 28,468</u>

NOTE F - Accrued liabilities:

Accrued liabilities at September 30, 2001, consist of the following:

Accrued compensated absences	\$ 21,316
Payment in lieu of taxes	<u>21,004</u>
	<u>\$ 42,320</u>

NOTE G - Deferred Revenue:

Deferred revenue at September 30, 2001 consist of the following:

Prepaid rents	<u>\$ 968</u>
---------------	---------------

NOTE H - Annual Contributions by Federal Agencies:

Annual Contributions Contract FW-1213- Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget under the Annual Contributions Contract. Operating subsidy contributions for the Low-Income Public Housing Program were as follows:

For the year ended September 30, 2001	<u>\$253,906</u>
---------------------------------------	------------------

NOTE I - Contingencies:

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examinations for the year ended September 30, 2001. Areas of noncompliance, if any, as a result of examinations would be included as a part of the "Findings and Questioned Costs" section of this report.

NOTE J - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management.

NOTE K - Economic Dependency:

The Authority receives approximately 69% of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD falls below critical levels, the Authority's operating reserves could be adversely affected.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 2001
(Continued)

NOTE L - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by the United States Department of HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Housing Authority of the Town of Jonesboro.

HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

NOTE M - Prior Period Adjustments:

Prior period adjustments consist of entries made throughout the year into HUD chart of accounts number 6010 (Prior period adjustments affecting residual receipts) and 6020 (Prior period adjustments not affecting residual receipts). Prior period adjustments also consist of the transferring of equity from the Grant Programs to Low Income Public Housing.

NOTE O - Reconciliation of Contributed Capital:

	<u>Low Income Public Housing</u>	<u>Comprehensive Improvement Assistance Program</u>	<u>Total</u>
Balance at September 30, 2000	\$ 1,543,053	\$ 21,402	\$ 1,564,455
Correction to balance	<u>0</u>	<u>(21,402)</u>	<u>(21,402)</u>
Adjusted balance at September 30, 2000	1,543,053	0	1,543,053
Net changes in Fixed assets	<u>332,541</u>	<u>0</u>	<u>332,541</u>
Balance at September 30, 2001	<u>\$ 1,875,594</u>	<u>\$ 0</u>	<u>\$ 1,875,594</u>

NOTE P - GASB 33:

The authority adopted GASB 33 during the fiscal year ended December 31, 2001. This adoption represents a change in accounting principle, therefore, the income and retained earnings are reported based upon GASB 33 revenue recognition principles.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
September 30, 2001
(Continued)

NOTE Q - Agent Financial Group:

The Authority contributes to Housing Renewal and Local Agency Retirement Plan, which is a defined contribution pension plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account, the returns earned on investments of those contributions. And forfeitures of other participants' benefits that may be allocated to such participant's account. As established by the Authority's personnel policy, all full-time employees of the Authority must participate in the pension plan beginning 6 months from the date they are hired. Contributions made by an employee vest immediately and contributions made by the Authority vest after five years of full time employment. An Employee who waves the employment of the Authority is entitled to his or her contributions and the Authority's contributions to the extent vested and the earnings on these amounts. As determined by the plan provisions, each employee must contribute 5% of his or her base annual salary to the pension plan. The Authority is required to contribute an amount equal to 7% of the employee's base annual salary.

During the year ended September 30, 2001, the Authority's required and actual contributions amounted to \$7,375, which was 7% of its current-year covered payroll. Employees' required and actual contributions amounted to \$5,268, which was 5% of the Authority's current-year covered payroll.

No pension plan provision changes occurred during the year that affected the required contributions to be made by the Authority or its employees. The Housing Renewal and Local Agency Retirement Plan held no securities of the Authority of other related parties during the year or as of the close of the fiscal year ended September 30, 2001.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

COMBINING BALANCE SHEET

SEPTEMBER 30, 2001

	Annual Contributions Contract			Total
	FW-1213	FW-1213	FW-1213	
	Low		Comprehensive	
	Income	Capital	Improvement	
	Public	Fund	Assistance	
	Housing	Program	Program	
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash	\$ 376,974	\$ 0	\$ 0	\$ 376,974
Investments	362,866	0	0	362,866
Prepaid expenses	21,276	0	0	21,276
Current Assets	761,116	0	0	761,116
<u>Property and Equipment</u>				
Land, structure and equipment	1,875,594	0	0	1,875,594
Property and Equipment	1,875,594	0	0	1,875,594
TOTAL ASSETS	\$ 2,636,710	\$ 0	\$ 0	\$ 2,636,710
<u>LIABILITIES AND EQUITY</u>				
<u>Current liabilities</u>				
Accounts payable	\$ 28,468	\$ 0	\$ 0	\$ 28,468
Accrued liabilities	42,320	0	0	42,320
Deferred revenue	968	0	0	968
Current liabilities	71,756	0	0	71,756
<u>Equity</u>				
Retained earnings	689,360	0	0	689,360
Contributed capital	1,875,594	0	0	1,875,594
Total equity	2,564,954	0	0	2,564,954
TOTAL LIABILITIES AND EQUITY	\$ 2,636,710	\$ 0	\$ 0	\$ 2,636,710

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

COMBINING STATEMENT OF INCOME, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Annual Contributions Contract			
	FW-1213	FW-1213	FW-1213	
	Low		Comprehensive	
	Income	Capital	Improvement	
	Public	Fund	Assistance	
	Housing	Program	Program	Total
<u>OPERATING REVENUES</u>				
Total rental income	\$ 229,938	\$ 0	\$ 0	\$ 229,938
Other income	10,130	0	0	10,130
 TOTAL OPERATING REVENUE	 240,068	 0	 0	 240,068
<u>OPERATING EXPENSES</u>				
Administrative	124,472	0	0	124,472
Utilities	12,112	0	0	12,112
Ordinary maintenance and opera	195,234	0	0	195,234
Protective Services	16,779	0	0	16,779
General expense	62,997	0	0	62,997
Extraordinary maintenance	95,957	0	0	95,957
Depreciation expense	78,010	0	0	78,010
 TOTAL EXPENSES	 585,561	 0	 0	 585,561
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Intergovernmental	253,906	352,102	0	606,008
Interest income	31,257	0	0	31,257
 TOTAL NONOPERATING REVENUES (EXPENSES)	 285,163	 352,102	 0	 637,265
 NET INCOME (LOSS)	 (60,330)	 352,102	 0	 291,772
<u>RETAINED EARNINGS</u>				
OCTOBER 1, 2000	681,382	0	0	681,382
Operating transfers	(9,702)	(352,102)	0	(361,804)
Depreciation add back	78,010	0	0	78,010
 RETAINED EARNINGS SEPTEMBER 30, 2001	 689,360	 0	 0	 689,360

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATEMENT OF ACTUAL CAPITAL FUND GRANT COSTS - UNCOMPLETED
September 30, 2001

Phase 501-00

1. The Capital Fund Grant Costs are as follows:

Funds Approved	\$ 379,446
Funds Expended	<u>352,102</u>
Excess/(Deficiency) of Funds Approved	\$ <u>27,344</u>
Funds Advanced	\$ 352,102
Funds Expended	<u>352,102</u>
Excess/(Deficiency) of Funds Advanced	\$ <u>0</u>

2. Costs additions totaling \$ 352,102 were made during the current audit period and, accordingly were audited by Jean Sickels, CPA

PHA: LA061 FYED: 09/30/2001

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Improvement Assistance Program	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$376,974	\$0	\$0	\$376,974
100	Total Cash	\$376,974	\$0	\$0	\$376,974
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$0	\$0
131	Investments - Unrestricted	\$362,866	\$0	\$0	\$362,866
142	Prepaid Expenses and Other Assets	\$21,276	\$0	\$0	\$21,276
150	Total Current Assets	\$761,116	\$0	\$0	\$761,116
161	Land	\$680,738	\$0	\$0	\$680,738
162	Buildings	\$3,161,244	\$0	\$0	\$3,161,244
163	Furniture, Equipment & Machinery - Dwellings	\$164,915	\$0	\$0	\$164,915
164	Furniture, Equipment & Machinery - Administration	\$98,622	\$0	\$0	\$98,622
165	Leasehold Improvements	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	\$-2,229,925	\$0	\$0	\$-2,229,925
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,875,594	\$0	\$0	\$1,875,594
180	Total Non-Current Assets	\$1,875,594	\$0	\$0	\$1,875,594
190	Total Assets	\$2,636,710	\$0	\$0	\$2,636,710

PHA: LA061 FYED: 09/30/2001

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Improvement Assistance Program	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$13,588	\$0	\$0	\$13,588
322	Accrued Compensated Absences - Current Portion	\$21,316	\$0	\$0	\$21,316
333	Accounts Payable - Other Government	\$21,004	\$0	\$0	\$21,004
341	Tenant Security Deposits	\$14,880	\$0	\$0	\$14,880
342	Deferred Revenues	\$968	\$0	\$0	\$968
310	Total Current Liabilities	\$71,756	\$0	\$0	\$71,756
350	Total Noncurrent Liabilities	\$0	\$0	\$0	\$0
300	Total Liabilities	\$71,756	\$0	\$0	\$71,756
504	Net HUD PHA Contributions	\$1,875,594	\$0	\$0	\$1,875,594
508	Total Contributed Capital	\$1,875,594	\$0	\$0	\$1,875,594
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
512	Undesignated Fund Balance/Retained Earnings	\$689,360	\$0	\$0	\$689,360
513	Total Equity/Net Assets	\$2,564,954	\$0	\$0	\$2,564,954
600	Total Liabilities and Equity/Net Assets	\$2,636,710	\$0	\$0	\$2,636,710

PHA: LA061 FYED: 09/30/2001

Line Item No.	Account Description	Low Rent Public Housing	Public Housing_ Comprehensive Improvement Assistance Program	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$222,157	\$0	\$0	\$222,157
704	Tenant Revenue - Other	\$7,781	\$0	\$0	\$7,781
705	Total Tenant Revenue	\$229,938	\$0	\$0	\$229,938
706	HUD PHA Operating Grants	\$253,906	\$0	\$352,102	\$606,008
711	Investment Income - Unrestricted	\$31,257	\$0	\$0	\$31,257
715	Other Revenue	\$12,804	\$0	\$0	\$12,804
716	Gain/Loss on Sale of Fixed Assets	\$-2,674	\$0	\$0	\$-2,674
700	Total Revenue	\$525,231	\$0	\$352,102	\$877,333

PHA: LA061 FYED: 09/30/2001

Line Item No.	Account Description	Low Rent Public Housing	Public Housing_ Comprehensive Improvement Assistance Program	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$70,331	\$0	\$0	\$70,331
912	Auditing Fees	\$1,777	\$0	\$0	\$1,777
915	Employee Benefit Contributions - Administrative	\$25,199	\$0	\$0	\$25,199
916	Other Operating - Administrative	\$27,165	\$0	\$0	\$27,165
931	Water	\$1,815	\$0	\$0	\$1,815
932	Electricity	\$6,952	\$0	\$0	\$6,952
933	Gas	\$3,345	\$0	\$0	\$3,345
941	Ordinary Maintenance and Operations - Labor	\$79,434	\$0	\$0	\$79,434
942	Ordinary Maintenance and Operations - Materials and Other	\$60,813	\$0	\$0	\$60,813
943	Ordinary Maintenance and Operations - Contract Costs	\$28,848	\$0	\$0	\$28,848
945	Employee Benefit Contributions - Ordinary Maintenance	\$26,139	\$0	\$0	\$26,139
951	Protective Services - Labor	\$16,425	\$0	\$0	\$16,425
952	Protective Services - Other Contract Costs	\$354	\$0	\$0	\$354
961	Insurance Premiums	\$41,993	\$0	\$0	\$41,993
963	Payments in Lieu of Taxes	\$21,004	\$0	\$0	\$21,004
969	Total Operating Expenses	\$411,594	\$0	\$0	\$411,594
970	Excess Operating Revenue over Operating Expenses	\$113,637	\$0	\$352,102	\$465,739
971	Extraordinary Maintenance	\$95,957	\$0	\$0	\$95,957
974	Depreciation Expense	\$78,010	\$0	\$0	\$78,010
980	Total Expenses	\$585,561	\$0	\$0	\$585,561
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-60,330	\$0	\$352,102	\$291,772

PHA: LA061 FYED: 09/30/2001

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Improvement Assistance Program	Public Housing Capital Fund Program	Total
1101	Capital Outlays Enterprise Fund	\$0	\$0	\$0	\$0
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$2,224,435	\$21,402	\$0	\$2,245,837
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$400,849	\$-21,402	\$-352,102	\$27,345
1112	Depreciation Add Back	\$78,010	\$0	\$0	\$78,010
1120	Unit Months Available	2,292	0	0	2,292
1121	Number of Unit Months Leased	2,241	0	0	2,241

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AMOUNT</u>	<u>EXPENDITURES</u>
FW-1213	<u>U. S. DEPARTMENT OF HUD</u> Low Income Public Housing	14.850	\$ 253,906	\$ 253,906 B*
FW-1213	Capital Fund Program	14.872	<u>352,102</u>	<u>352,102 A*</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 606,008</u>	<u>\$ 606,008</u>

Notes to Schedule of Expenditures of Federal Awards:

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting as described in Note A.

Major Programs

Programs are labeled as either a type "A" program or a type "B" program as required by OMB Circular A-133. Type "A" programs are programs that have expenditures in excess of 300,000. Type "B" programs have expenditures of less than 300,000.

A - Indicates a type "A" federal financial assistance program as defined by OMB Circular A-133

B - Indicates a type "B" federal financial assistance program as defined by OMB Circular A-133

* - Indicates a program audited as major.

OTHER REPORTS

Jean Sickels

Certified Public Accountant

**870 Cinderella Court
Decatur, GA 30033-5812**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Housing Authority of the
Town of Jonesboro
839 Harvey Place
Jonesboro, Louisiana 71251

HUD - New Orleans Office
Public Housing Division
Hale Boggs Federal Building
501 Magazine Street
New Orleans, Louisiana 70130-3099

I have audited the financial statements of the Housing Authority of the Town of Jonesboro, as of and for the year ended September 30, 2001 and have issued my report thereon dated March 11, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Jonesboro's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 01-01, 01-02, and 01-03.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority of the Town of Jonesboro's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Housing Authority of the Town of Jonesboro's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 01-01, 01-02, and 01-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, management, Department of Housing and Urban Development, and 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.


Certified Public Accountant

Decatur, Georgia
March 11, 2002

Jean Sickels

Certified Public Accountant

**870 Cinderella Court
Decatur, GA 30033-5812**

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Commissioners
Housing Authority of the
Town of Jonesboro
839 Harvey Place
Jonesboro, Louisiana 71251

HUD - New Orleans Office
Public Housing Division
Hale Boggs Federal Building
501 Magazine Street
New Orleans, Louisiana 70130-3099

Compliance

I have audited the compliance of the Housing Authority of the Town of Jonesboro 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 year ended September 30, 2001. The Housing Authority of the Town of Jonesboro'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 Housing Authority of the Town of Jonesboro's management. My responsibility is to express an opinion on the Housing Authority of the Town of Jonesboro's compliance based on my audit.

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

As described in items 01-01, 01-02, and 01-03 in the accompanying schedule of findings and questioned costs, the Housing Authority of the Town of Jonesboro did not comply with requirements regarding special tests and provisions and Davis Bacon that is applicable to its Low Income Public Housing and Capital Fund Programs. Compliance with such requirements is necessary, in my opinion, for the Housing Authority of the Town of Jonesboro to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, the Housing Authority of the Town of Jonesboro complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2001.

Internal Control Over Compliance

The management of the Housing Authority of the Town of Jonesboro 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 my audit, I considered the Housing Authority of the Town of Jonesboro's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgement, could adversely affect the Housing Authority of the Town of Jonesboro's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 01-01, 01-02 and 01-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Department of Housing and Urban Development and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified.



Certified Public Accountant

Decatur, Georgia
March 11, 2002

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

SEPTEMBER 30, 2001

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITORS RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

~ Material weakness(es) identified? yes X no

~ Reportable condition(s) identified that are
not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements
noted? yes X no

FEDERAL AWARDS

Internal control over major programs:

~ Material weakness(es) identified? yes X no

~ Reportable condition(s) identified that are
not considered to be material weakness(es)? X yes none reported

Type of auditors' report issued on compliance
for major programs: Qualified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133? X yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Low Income Public Housing
14.872	Capital Fund Program

Dollar threshold used to distinguish
between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

SEPTEMBER 30, 2001

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

01-01	CONDITION:	<u>INVENTORY</u>
		The expendable inventory value was not calculated at year end.
	CFDA #:	14.850
	CRITERIA:	Counting the inventory and including the value on the books of account is required by GAAP.
	CAUSE/EFFECT:	The Authority counted the inventory but did not calculate the value.
	RECOMMENDATION:	Count the inventory at September 30 of each year and extend the value. The value should be forwarded to the fee accountant for inclusion in the REAC submission.
	REPLY:	We will rearrange our inventory listing to show prices per parts and total amount of purchasing.
01-02	CONDITION:	<u>RESIDENT FILES</u>
		In a sample of 10 resident files, 5 lacked income verification or school verification for all members of the household over 18, 3 lacked the proper 214 immigration status form, 3 lacked signed leases and 9886's for all members of the household over the age of 18.
	CFDA #:	14.850
	CAUSE/EFFECT:	The Authority does not require children over the age of 18 sign the lease and other appropriate forms. The Authority does not have a standard form for no income or school verification.
	RECOMMENDATION:	The Authority should do a more complete job of documenting the resident files for children over the age of 18.
	REPLY:	We will do a better job on keeping all documentation current in the tenant files on members of the family over 18. We have sent out letters to each tenant with children over 18 requesting the family members over 18 to come by the office and sign these forms and to bring in these verification to us so we can update their files. Last week all of these members of families over 18 have come by the office and signed the appropriate papers.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

SEPTEMBER 30, 2001

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

01-03	CONDITION:	<u>DAVIS BACON WAGES</u>
		In a review of the payrolls and HUD-11 interview forms the job description did not agree with the wages paid.
	CFDA #	14.850
	CRITERIA:	The Davis Bacon wage rate law requires workers be paid the appropriate wage for their job classification.
	CAUSE/EFFECT:	The contractor did not pay in accordance with the wage rate decision.
	RECOMMENDATION:	Contact the HUD of Labor Compliance division and report the discrepancies.
	REPLY:	I have contacted the HUD Office, Labor Compliance Division and reported these discrepancies.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings 00-1, 01-02, and 01-03 are also federal award findings.

Executive Director:
Cora Stringer

Administrative Assistant
Dale Gunter

Phone (318) 259-3125
FAX (318) 259-3134

Housing Authority Of The
Town Of Jonesboro
839 Harvey Place
Jonesboro, Louisiana 71251

RECEIVED
LEGISLATIVE AUDITOR

02 APR -3 AM 9:42

Board of Commissioners:

Sam Ledbetter, Chairman
Corra Barr, Vice-Chairman
John Crow, Tenant
June Evans
Notie Bolton

March 27, 2002

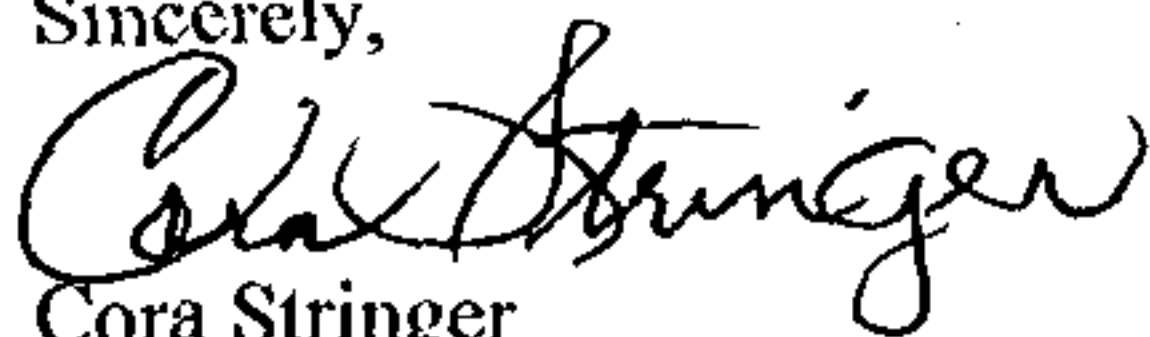
Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70804-9397

Dear Dr. Daniel G. Kyle:

The following is our responses to the management letter contained in our September 30, 2001 audit report dated March 27, 2002.

- 01-01 Inventory. The expendable inventory value was not calculated at year end.
We have rearranged our inventory listing to show prices per parts and total amount of purchasing. We will have this value forwarded to the fee accountant for inclusion in the REAC submission.
- 01-02. Resident Files. In a sample of 10 resident files, 5 lacked income verification or school verification for all members of the house hold over 18, three lacked the proper 214 immigration status forms, 3 lacked signed leases and 9886's for all members of the household over the age of 18. We will do a better job on keeping all documentation current in the tenant files on members of the family over 18. We have sent out letters to each tenant with children over 18 requesting the family members over 18 to come by the office and sign these forms and to bring in these verification to us so we can update their files.
- 01-03. Davis Bacon Wages. The job description did not agree with the wages paid, showing that the contractor did not pay in accordance with the wage rate decision. I have contacted the HUD Office, Labor Compliance Division and reported these discrepancies.

Sincerely,



Cora Stringer
Executive Director
Housing Authority of Jonesboro