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**HOUSING AUTHORITY OF
THE TOWN OF JONESBORO
Jonesboro, Louisiana**

**MANAGEMENT DISCUSSION & ANALYSIS
AND AUDITED FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30, 2004

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 6/8/05

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**Housing Authority of the Town of Jonesboro
Management's Discussion and Analysis
September 30, 2004**

As management of the Housing Authority of the Town of Jonesboro, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which are attached.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent Fiscal year by \$3,275,688, which is reflected in the change in net assets.
- As of the close of the current fiscal year, the Authority's ending unrestricted net Assets at \$950,986.
- The Authority's cash balance at September 30, 2004 was \$183,809 while Investments totaled \$866,381.
- The Authority has total revenue of \$845,235, while operating expenses totaled \$816,322.
- The Authority's Capital outlay for the year was \$64,697.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's Basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of revenue, Expenses and Changes in Net Assets, Statement of Cash Flows, and the notes to the financial statements. This report also contains the schedule of expenditures of federal award as supplementary information in addition tot the basic financial statements themselves.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Assets includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and the Capital Fund programs. The Low Rent Program consists of 192 units of which 191 units are available for rental. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the

MANAGEMENTS'S DISCUSSION AND ANALYSIS-Cont.

Department of Housing & Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

Overview of the Financial Statements-Cont.

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended September 30, 2004.

Statement of Net Assets

Category	<u>FYE 2003</u>	<u>FYE 2004</u>	<u>% CHANGE</u>
Current Assets	877,100	1,090,073	25
Capital Assets-Net of Depreciation	2,449,117	2,255,280	- 8
Total Assets	3,326,217	3,345,353	1
Current Liabilities	44,299	131,314	197
Non-Current Liabilities	6,230	7,773	25
Total Liabilities	50,529	139,087	176
Equity:			
Invested in Capital Assets	2,449,117	2,255,280	-9
Unrestricted Net Assets	826,571	950,986	13
Total Net Assets	3,275,688	3,206,266	-2

Cash & Investments

Cash and investments increased by \$198,417 as September 30, 2004. The primary source of the increase is due to the Net Operating Income for the current year.

Net Assets

The Authority's unrestricted net assets decreased by \$124,415 for the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS-Cont.

Overview of the Financial Statements-Cont.

**Housing Authority of the Town of Jonesboro
Combined Statement of Revenues, Expenses and Change in Net Assets**

	2003	2004	Total Change	% Change
Tenant Revenue	241,107	264,417	23,310	9.67%
Grant Funding	691,767	561,783	(129,984)	-18.79%
Interest Income	2,112	19,035	16,923	801.28%
Other Income	66,095	-	(66,095)	-100.00%
Total Revenue	1,001,081	845,235	(155,846)	-15.57%
Administration	163,214	201,029	37,815	23.17%
Tenant Services	5,588	3,186	(2,402)	-42.98%
Utilities	11,644	11,819	175	1.50%
Maintenance	240,196	313,789	73,593	30.64%
Protective services	16,065	16,460	395	2.46%
General expense	86,052	109,840	23,788	27.64%
Depreciation	203,332	160,199	(43,133)	-21.21%
Total Expenses	726,091	816,322	90,231	12.43%
Change in Net Assets	274,990	28,913	(246,077)	-89.49%
Prior year adjustments	12,833	(98,335)	(111,168)	-866.27%
Beginning Net Assets	2,987,865	3,275,688	287,823	9.63%
Ending Net Assets	3,275,688	3,206,266	(69,422)	-2.12%

Results of Operations

Operating revenues of the Authority are generated principally from dwelling rents and HUD Operating Subsidies. The Authority's revenues decreased by \$155,846. Operating Expenses increased by \$90,231 principally due to higher than expected maintenance costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS-Cont.

Capital Asset and Debt Administration

Capital Assets

As of September 30, 2004 the Authority's investment in capital assets was \$2,255,280 (Net of accumulated depreciation). This investment included land, building, building improvements, office equipment, and maintenance equipment.

Here is a schedule of the changes in fixed asset:

Housing Authority of the Town of Jonesboro Combined Statement of Capital Assets

	2003	2004	Total Change	% Change
Land	680,738	680,738	-	0.00%
Buildings & improvements	3,960,494	3,898,534	(61,960)	-1.56%
Equipment	257,947	78,933	(179,014)	-69.40%
	4,899,179	4,658,205	(240,974)	-4.92%
Accumulated Depreciation	(2,450,062)	(2,402,925)	47,137	-1.92%
Total Capital Assets	2,449,117	2,255,280	(193,837)	-7.91%

The total fixed asset balance decreased by \$193,837 or a net change of negative 7.91%.

The only major changes occurred within the equipment account due to adjustments in compliance with the PHA's Capitalization Policy. The total prior period adjustments to the fixed asset accounts amounted to \$(98,335) which is detailed in the notes to the financial statements.

Major capital asset activities during the current fiscal year include the following:

Building improvements consisting of installing central air/heat in some units and updating electrical, plumbing and foundations.

Long Term Debt

The Authority does not have any long-term liabilities at this time.

MANAGEMENTS'S DISCUSSION AND ANALYSIS-Cont.

Future Events that will impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the FYE 2005 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Cora Stringer, Executive Director
Housing Authority of the Town of Jonesboro
839 Harvey Place
Jonesboro, La 71251

**REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2004**

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the
Town of Jonesboro
Jonesboro, Louisiana 71241

HUD-New Orleans Office
501 Magazine 9th Floor
New Orleans, Louisiana 70130

We have audited the accompanying financial statements of the Housing Authority of the Town of Jonesboro as of and for the year ended September 30, 2004, 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 the *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 statements 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 of the Town of Jonesboro, as of September 30, 2004, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1-N to the financial statements, the Housing Authority of the Town of Jonesboro adopted Governmental Accounting Standards Board Statement Number 34 during the year ended September 30, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2005 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying financial information listed as supplementary data in the table of contents and the accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the financial statements of the Housing Authority. In addition to this information 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relating to the financial statements taken as a whole.


Rector & Moffitt, P.C.
Certified Public Accountants

Stone Mountain, Georgia
January 26, 2005



CERTIFIED PUBLIC
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HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

ASSETS

Current Assets

Cash & Investments	\$ 1,053,190
Accounts Receivable	7,422
Prepaid Insurance	22,116
Materials Inventory	<u>-</u>
Total Current Assets	<u>1,082,728</u>

Fixed Assets

Land	680,738
Buildings & improvements	3,898,534
Furniture & Equipment	78,933
Less: Accumulated depreciation	<u>(2,402,925)</u>
Total Fixed Assets	<u>2,255,280</u>

TOTAL ASSETS **\$ 3,338,008**

The accompanying notes are an integral part of the financial statements.

LIABILITIES & NET ASSETS

Current Liabilities

Accounts payable	\$ 102,045
Accrued Expenses	6,938
Tenant security deposits	14,640
Deferred revenue	<u>346</u>
 Total Current Liabilities	 <u>123,969</u>

Noncurrent Liabilities

Accrued expenses - noncurrent	<u>7,773</u>
 Total Noncurrent Liabilities	 <u>7,773</u>

TOTAL LIABILITIES	<u><u>131,742</u></u>
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Net Assets

Invested in Capital Assets, Net of Related Debt	2,255,280
Unrestricted Net Assets	<u>950,986</u>

TOTAL NET ASSETS	<u><u>3,206,266</u></u>
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TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 3,338,008</u></u>
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HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Operating Revenue

Dwelling rent	\$	264,417
Governmental grants & subsidy		503,244
Other Revenue		-
Total Operating Revenue		767,661

Operating Expenses

Administration		201,029
Tenant Services		3,186
Utilities		11,819
Ordinary maintenance & operations		313,789
Protective services		16,460
General expense		109,840
Depreciation		160,199
Total Operating Expense		816,322

NET LOSS FROM OPERATIONS		(48,661)
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Nonoperating Income/(Expenses)

Investment income		19,035
Net Nonoperating Revenues/(Expenses)		19,035

Income (loss) before contributions		(29,626)
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Capital grants contributions		58,539
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Net Increase/(Decrease) in Net Assets		28,913
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Total Net Assets - beginning		3,275,688
Prior period adjustments		(98,335)

Total Net Assets - ending	\$	3,206,266
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The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 264,232
Governmental grants & subsidy - operations	495,899
Payments to suppliers	(240,612)
Payments to employees	<u>(333,979)</u>

NET CASH PROVIDED FROM OPERATING ACTIVITIES 185,540

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received 19,035

NET CASH PROVIDED FROM INVESTING ACTIVITIES 19,035

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

Grant revenue - capital grants	58,539
Acquisition of capital assets - capital grant	(58,539)
Equipment purchases - Low-Rent	<u>(6,158)</u>

NET CASH (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES (6,158)

NET INCREASE IN CASH 198,417

CASH AT BEGINNING OF PERIOD 854,773

CASH AT END OF PERIOD \$ 1,053,190

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income/(Loss) from Operations	\$ (48,661)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	160,199
Decrease (Increase) in accounts receivable	(7,422)
Decrease (Increase) in prepaid expenses	211
Increase (Decrease) in accounts payable	77,532
Increase (Decrease) in accrued expenses	3,495
Increase (Decrease) in deferred revenue	346
Increase (Decrease) in security & trust deposits	<u>(160)</u>
 NET CASH PROVIDED FROM OPERATING ACTIVITIES	 \$ <u><u>185,540</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH
FLOW INFORMATION:

Payment of Interest	\$ <u><u>-</u></u>
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The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

NOTE 1 - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:

A. Introduction:

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP). The Authority's reporting entity applied all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB Pronouncements in which case, GASB prevails. The more significant of the government's accounting policies are described below:

B. Organization:

The Housing Authority of the Town of Jonesboro ("The Authority") is a public body and a body corporate and politic organized under the laws of the State of Louisiana for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Mayor appoints a Governing Board for but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

C. Reporting Entity:

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 of the Government Accounting Standards Board, the Financial Reporting Entity*.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the Town of Jonesboro and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority - The Authority is governed by a Board of Commissioners appointed by the CEO of Town of Jonesboro and has governance responsibilities over all activities related to all housing activities within Town of Jonesboro. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the Town; i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

Imposition of Will - The Town has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(Continued)

NOTE 1 - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

C. Reporting Entity: (Cont'd)

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units neither of the Authority nor for the Authority to be included in Town of Jonesboro financial reports therefore, the Authority reports independently. During the review of the Authority's budgets, annual contributions contract, minutes of the Board of Commissioner's meetings, cash receipts and cash disbursements for the reporting period disclosed that the Authority operated the following programs under Annual Contributions Contracts:

Low Rent Public Housing Program – The objective of this program is to provide decent safe and sanitary housing and related facilities for eligible low-income families and the elderly.

D. Basis of Presentation, Basis of Accounting and Measurement Focus:

Basis of Accounting - The Authority uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the statement of net assets. The Authority uses the following fund:

Proprietary fund:

Enterprise fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

E. Revenues and Expenses:

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(Continued)

NOTE 1 - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

F. Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

G. Budgets:

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its Governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

H. Inventories:

Inventories are recorded at average cost. The consumption method is used to account for inventories. Under the consumption method, inventories are charged to expense when consumed.

I. Fixed Assets and Depreciation:

Fixed assets are stated at historical cost. Donated fixed assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the Town of Jonesboro for maintenance and repairs. Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets.

The estimated useful lives for each major class of depreciable fixed assets are as follows:

Buildings & improvements	10-45 years
Furniture, fixtures & equipment	5-10 years
Vehicles	5- 7 years
Specialized use equipment	5-10 years

J. Collection Losses:

Collection losses on accounts receivable are expensed, in the appropriate Fund, on the specific write-off method.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(Continued)

NOTE 1 - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

K. Insurance:

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. As of the date of the fieldwork, the Authority had the required coverage in force.

L. Cash and Investments:

1. The Authority cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments are stated at fair value, except for U. S. Treasury Bills, which are reported at amortized cost. The Authority reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases/(decreases) in gains made.

M. Compensated Absences:

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(Continued)

NOTE 1 - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

N. Accounting Changes – New Accounting Pronouncements

In fiscal year 2003, the Housing Authority implemented the following new accounting standards issued by GASB:

Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments;

Statement 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and

Statement 38, Certain Financial Statement Note Disclosures.

Statement 34, as amended by Statement 37, establishes new financial reporting requirements for state and local governments. It requires new information and restructures much of the information that governments have presented in the past. The only major difference in presentation is the characterization of the equity accounts and changes in presentation format.

Statement 38 requires certain note disclosures when Statement 34 is implemented.

NOTE 2 - CASH AND INVESTMENTS:

1. Cash

It is the entity's policy for deposits to be 105% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 2004. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized. (This includes bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but none in the entity's name.)

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(Continued)

NOTE 2 - CASH AND INVESTMENTS: (Cont'd)

Cash, Deposits, categorized by level of risk, are:

Total Book Balances	Category		
	1	2	3
\$ 186,809	\$ 0	\$ 0	\$ 186,809

2. Investments

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

- Direct obligations of the United States pledged by its full faith and credit.
- Obligations of Federal government agencies and government sponsored agencies.
- Demand, savings, money-market, certificates of deposit, and Super NOW deposits at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC or the National Credit Union Share Insurance Fund (NCUSIF) and any deposits in excess of insured amounts are adequately collateralized.
- Certain municipal depositary funds and local government investment pools provided that all investments made by these funds or pools are on the HUD-approved list of investment securities. The entity must limit its investments in this category to no more than 30 percent of the entity's available investment funds.
- Repurchase agreements for a term of 30 days or less entered into with Federally insured depositary institutions for purchase and sale of securities identified in 1 and 2 above.
- Certain no-load, open-end mutual funds investing in only HUD-approved investment securities.
- The entity must limit its investment in this category to no more than 20 percent of the entity's available investment funds

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at September 30, 2004. The categories are:

- Category 1 – Insured or registered, with securities held by the entity or its agent in the entity's name
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name
- Category 3 - Uninsured and Unregistered, with securities held by the counterparty, or its trust department or agent but not in the entity's name

Investments, categorized by level of risk, are:

Types of Investments	Category			Carrying Value	Cost
	1	2	3		
Deposits at federally Insured depositories	\$ 866,381	\$ 0.00	\$ 0.00	\$ 866,381	\$ 866,381

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(Continued)

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable at September 30, 2004, consisted of the following:

Tenants (net of allowance - \$66)	\$	25
HUD		7,345
Miscellaneous		<u>52</u>
		<u>\$ 7,422</u>

The Interfund balances of \$7,345 were eliminated from the accounts receivable and accounts payable portions of this report.

NOTE 4 - DEFERRED CHARGES:

Deferred charges consisted of the following at March 31, 2003:

Prepaid insurance	\$	21,996
Other deferred charges		<u>120</u>
		<u>\$ 22,116</u>

NOTE 5 - FIXED ASSETS:

The following is a summary of changes in the net fixed assets during the fiscal year ended September 30, 2004:

	Balance Sept 30, 2003	Additions	Retirements/ Adjustments	Depreciation	Balance Sept 30, 2004
Fixed Assets:					
Land	\$ 680,738	\$ 0	\$ 0	\$ 0	\$ 680,738
Buildings	3,960,494	58,539	(120,499)	0	3,898,534
Furniture & Equipment	<u>257,947</u>	<u>6,158</u>	<u>(185,172)</u>	<u>0</u>	<u>78,933</u>
	4,899,179	64,697	(305,671)	0	4,658,205
Accumulated depreciation	<u>(2,450,062)</u>	<u>0</u>	<u>207,336</u>	<u>(160,199)</u>	<u>(2,402,925)</u>
Net Fixed Assets	<u>\$ 2,449,117</u>	<u>\$ 64,697</u>	<u>\$ (98,335)</u>	<u>\$ (160,199)</u>	<u>\$ 2,255,280</u>

The retirements/adjustments line includes current year correction of prior year fixed assets in compliance with the Authority's capitalization policy for the following amounts:

Buildings	\$ (120,499)
Equipment	(185,172)
Accumulated Depreciation	<u>207,336</u>
Total Adjustments	<u>\$ 98,335</u>

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(Continued)

NOTE 6 - ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES:

Accounts payable and other current liabilities at September 30, 2004, consisted of the following:

Vendors & contractors	\$ 54,352
Accrued payroll liabilities	1,481
Accrued compensated absences - current	6,938
Town – Payments in lieu of taxes	46,212
Prepaid rents	346
Tenant security deposits	<u>14,640</u>
	<u>\$ 123,969</u>

The Interfund balances of \$7,345 were eliminated from the accounts receivable and accounts payable portions of this report.

NOTE 7 - NONCURRENT LIABILITIES:

At September 30, 2004 there was a balance in Compensated Absences – non-current of \$7,773. The total Compensated absence balance is \$14,711, which includes the short-term portion.

NOTE 8 - PRIOR PERIOD ADJUSTMENTS:

The following prior year adjustment was made during the year ended September 30, 2004:

Low Rent Program

Correction of Capitalized Equipment in compliance with the Authority Capitalization Policy	\$ (78,769)
--	-------------

Capital Fund Program

Adjustment to prior year hard costs - equipment	<u>(19,566)</u>
Total prior period adjustments	<u>\$ (98,335)</u>

NOTE 9- CONTINGENCIES:

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(Continued)

NOTE 10- PENSION PLAN:

The Authority contributes to the Argent Financial Group, which is a defined contribution pension plan.

A defined contribution plan provides pension benefits in return for services rendered, provided 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 contributions pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account. As established by the PHA's personnel policy, all full time employees of the PHA must participate in the pension plan beginning six months from the date they are hired. Contributions made by the 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 PHA is entitled to his or her contributions and the PHA'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 PHA is required to contribute an amount equal to 7% of the employee's base salary.

The Housing Authority total payroll and covered payroll for the year ended September 30, 2004 was \$244,081.55.

The Housing Authority's contribution for the year ended September 30, 2004 was \$17,085.72 and the total pension contribution for the year was \$29,289.90.

NOTE 11- RELATED PARTY TRANSACTIONS:

There were no related party transactions to be reported for the fiscal year ended September 30, 2004.

NOTE 12 - RISK MANAGEMENT:

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, causality, employee dishonesty and public official's liability forms are used to cover the respective perils. Commercial carriers insure all common perils such as business auto, computer and other miscellaneous policies.

NOTE 13 - ECONOMIC DEPENDENCY:

The PHA Owned Housing is economically dependent on annual contributions grants from the Federal government. The program operates at a loss prior to receiving the contributions and grants.

NOTE 14 - SUPPLEMENTARY INFORMATION:

The supplementary information has been included in order to show the financial statements of the Housing Authority on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplementary information is reviewed by the field office and provides greater detail concerning the operations of the Housing Authority

SINGLE AUDIT SECTION

**ACCOUNTANT'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL STRUCTURE
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
Jonesboro, Louisiana 71241

HUD-New Orleans Office
501 Magazine 9th Floor
New Orleans, Louisiana 70130

We have audited the financial statements of the Housing Authority of the Town of Jonesboro, as of and for the year ended September 30, 2004, and have issued our report thereon dated January 26, 2005. 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.



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, we 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 the 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Town of Jonesboro's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Franklin Housing Authority'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 item no. 2004-01.

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. Our 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 disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, Housing Authority of the Town of Jonesboro, HUD, federal audit agencies, State of Louisiana, and pass-through entities and is not intended to be used by anyone other than the specified parties. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rector & Moffitt, P.C.
Certified Public Accountants

Stone Mountain, Georgia
January 26, 2005

CERTIFIED PUBLIC
ACCOUNTANTS
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**ACCOUNTANTS' 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
Jonesboro, Louisiana 71241

HUD – New Orleans Office
501 Magazine 9th Floor
New Orleans, Louisiana 70130

Compliance

We 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, 2004. The Housing Authority of the Town of Jonesboro's major federal programs are identified in the schedule of federal awards section of this report. 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. Our responsibility is to express an opinion on the Housing Authority of the Town of Jonesboro'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, *Audit 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 Housing Authority of the Town of Jonesboro'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 Housing Authority of the Town of Jonesboro's compliance with those requirements.

As described in items no. 2004-01 in the accompanying schedule of findings and questioned costs, the Housing Authority of the Town of Jonesboro did not comply with requirements regarding accounting for property, plant & equipment that are applicable to its Low-Rent Public Housing program.

In our 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, 2004.

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 our audit, we 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



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We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Housing Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2004-01.

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. Our 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 disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, Housing Authority of the Town of Jonesboro, HUD, federal audit agencies, State of Louisiana, and pass-through entities and is not intended to be used by anyone other than the specified parties. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Rector & Moffitt, P.C.
Certified Public Accountants

Stone Mountain, Georgia
January 26, 2005

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended September 30, 2003, contained three (3) formal audit findings.

Finding No. 2003-1

CFP Program Finding

Questioned Costs: \$432,596

Condition: Testing of 2002 and 2003 CFP indicated the following deficiencies:

The OHA did not adequately advertise for contract services

The PHA did not properly procure services in that it accepted the bid of the sole bidder without adequate consideration of the circumstances causing the sole bidding.

The PHA added to the scope of contracts without adequate consideration

Some contracts entered into between the PHA and a contractor did not include all required matters. In fact, a number of the contracts the PHA executed are only one page in length.

The PHA did not document the use of the Excluded Parties Listing System (EPLS) concerning contractor debarment.

The PHA did not adequately document the inspection and testing of contractor work.

The PHA's financial reporting for this program did not include the Accounts Receivable HUD as of 9/30/2002 in the amount of \$50,192. The same amount was under-reported as interfund accounts between Public Housing Program and the CFP Program.

The PHA entered into a number of contracts with one (1) contractor that were less than \$100,000 each without adequate procurement. This caused the PHA to expend the following amounts with 1 contractor using this procurement system:

FY 2001	\$ 73,036
FY 2002	\$310,720
FY 2003	\$349,348

The PHA did not include wage rate clauses in contracts. The PHA did not require the contractor to provide weekly certified payrolls. The PHA did not test those certified payrolls.

Expenditures could not be adequately traced to construction contracts that could then be traced to items in the approved PHA plan.

Journal entries were recorded to "adjust books to schedule".

Current Status:

The PHA hired a contract administrator to correct all deficiencies and establish proper policies and procedures for the procurement area. The deficiencies noted in the prior year finding were corrected and the contracts tested in the current year audit fieldwork revealed no material deficiencies. ***This finding is cleared.***

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATUS OF PRIOR AUDIT FINDINGS
(Continued)

Finding No. 2003-02

Board Minutes Deficiencies

Condition:

The Board of Commissioners minutes do not reflect adequate consideration of matters and issues that the board is charged with monitoring. In fact, they only include a reference to the various resolutions adopted.

Current Status:

The Board of Commissioners minutes have documentation of the Board reviewing contracts, budgets, write-offs of tenants accounts receivable and equipment, and other matters covered in the meetings. ***This finding is cleared.***

Finding No. 2003-03

Authority Audit Report Completed After the State Required Deadline

Condition:

The Authority's audit was completed late; after the La State statute requirement to have the audit completed with six (6) months of the fiscal year end.

Current Status:

The Authority procured an auditor to complete the fiscal year 2004 audit in sufficient time to complete the audit within the state of Louisiana statutes. ***This finding is cleared.***

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s 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 materials weaknesses?	_X_	yes	__ no
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 materials weaknesses?	_X_	yes	__ no

Type of Auditor’s report issued on compliance for major programs:	Qualified		
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Any audit findings disclosed that are required to be reported in accordance with section (a) of Circular A-133	_X_	yes	__ no
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Identification of major programs:	
➤ Low-Rent Public Housing Program	CFDA #14.850
➤ Capital Fund Program	CFDA #14.872

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

Auditee qualifies as a low-risk auditee?	No
--	----

Section II – Financial Statement Findings:

Finding No. 2004-01: Fixed Asset Deficiencies:

CFDA #14.850

Criteria:

The Code of Federal regulations, HUD Handbook 7510, Low-Income Technical Accounting Guide, and the HUD GAAP Flyer number two require housing authorities to have detailed records of all its fixed assets recorded in its fixed asset accounts.

Condition & cause:

The PHA Fixed Asset register is not in compliance with the Authority's capitalization policy dealing with capitalization threshold of fixed assets and the fixed asset register's depreciation calculation are not based on the years of service. The depreciation expense for various items was based on years of life of 44.58, 44.38 and 7.338 years. These years of service seem to be in question. In addition to this there is one item under the buildings section that has no description and had a negative residual value as of September 30, 2004.

The value of the fixed assets under the Authority's capitalization policy threshold was \$286,904.91. These amounts should be written off when the new policy was implemented.

Recommendation:

We recommend that the PHA create a fixed asset register, detailing the type of asset, location of asset, value of the asset, accumulated depreciation, current depreciation expense and net value of the asset. The Authority should also update the fixed asset register in to note the available life for each asset type and properly calculate depreciation expense using those years. The Fixed Asset register should be reconciled to insure no items have a negative value.

Reply:

The PHA is currently working with their fee accountant to correct all deficiencies noted in the fixed asset register and to correct and fixed assets that are not in compliance with the PHA's capitalization policy. This issue will be corrected during fiscal year 2005.

Section III – Federal Award Findings and Questioned Costs

Finding No. 2004-01: Fixed Asset Deficiencies:

CFDA #14.850

(Noncompliance is not restated, details are in Section II)

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
BALANCE SHEET ACCOUNTS
SEPTEMBER 30, 2004

<u>Account Description</u>	<u>Low-Rent</u>	<u>Capital Fund</u>	<u>TOTAL</u>
ASSETS:			
CURRENT ASSETS:			
Cash:			
Cash - unrestricted	\$ 186,809	\$ 0	\$ 186,809
Cash - tenant security deposits	0	0	0
Cash - restricted - modernization and development	0	0	0
Total Cash	<u>186,809</u>	<u>0</u>	<u>186,809</u>
Accounts and notes receivables:			
Accounts receivable - PHA projects	0	0	0
Accounts receivable - HUD other projects	0	7,345	7,345
Accounts receivable - Miscellaneous	52	0	52
Accounts receivable - Other governments	0	0	0
Accounts receivable - tenants - dwelling rents	91	0	91
Allowance for doubtful accounts	(66)	0	(66)
Total receivables, net of allowances for uncollectibles	<u>77</u>	<u>7,345</u>	<u>7,422</u>
Current investments			
Investments - unrestricted	866,381	0	866,381
Prepaid expenses and other assets	22,116	0	22,116
Interprogram due from	7,345	0	7,345
TOTAL CURRENT ASSETS	<u>1,082,728</u>	<u>7,345</u>	<u>1,090,073</u>
NONCURRENT ASSETS:			
Fixed Assets:			
Land	680,738	0	680,738
Buildings	3,784,594	0	3,784,594
Furniture, equipment & mach. - dwellings	25,103	0	25,103
Furniture, equipment & mach. - admin.	53,830	0	53,830
Construction in progress	0	113,940	113,940
Accumulated depreciation	(2,402,925)	0	(2,402,925)
Total fixed assets, net of accumulated depreciation	<u>2,141,340</u>	<u>113,940</u>	<u>2,255,280</u>
TOTAL ASSETS	<u>\$ 3,224,068</u>	<u>\$ 121,285</u>	<u>\$ 3,345,353</u>

HOUSING AUTHORITY OF TOWN OF JONESBORO
Jonesboro, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
BALANCE SHEET ACCOUNTS
SEPTEMBER 30, 2004

<u>Account Description</u>	<u>Low-Rent</u>	<u>Capital Fund</u>	<u>TOTAL</u>
LIABILITIES AND EQUITY:			
LIABILITIES:			
CURRENT LIABILITIES			
Accounts payable < 90 days	\$ 54,352	\$ 0	\$ 54,352
Accrued wage/payroll taxes payable	1,481	0	1,481
Accrued compensated absences	6,938	0	6,938
Accounts payable - other gov.	46,212	0	46,212
Tenant security deposits	14,640	0	14,640
Deferred revenue	346	0	346
Interprogram (due to)	0	7,345	7,345
TOTAL CURRENT LIABILITIES	<u>123,969</u>	<u>7,345</u>	<u>131,314</u>
NONCURRENT LIABILITIES:			
Accrued Compensated Absences - Non-Current	<u>7,773</u>	<u>0</u>	<u>7,773</u>
TOTAL NONCURRENT LIABILITIES	<u>7,773</u>	<u>0</u>	<u>7,773</u>
TOTAL LIABILITIES	<u>131,742</u>	<u>7,345</u>	<u>139,087</u>
EQUITY:			
Capital assets net of related debt	2,141,340	113,940	2,255,280
Retained earnings - unrestricted	950,986	0	950,986
TOTAL EQUITY	<u>3,092,326</u>	<u>113,940</u>	<u>3,206,266</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 3,224,068</u>	<u>\$ 121,285</u>	<u>\$ 3,345,353</u>

HOUSING AUTHORITY OF TOWN OF JONESBORO
Jonesboro, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
INCOME STATEMENT ACCOUNTS
SEPTEMBER 30, 2004

<u>Account Description</u>	<u>Low-Rent</u>	<u>Capital Fund</u>	<u>TOTAL</u>
REVENUES:			
Net tenant rental revenue	\$ 254,951	\$ 0	\$ 254,951
Tenant revenue - other	9,466	0	9,466
Total tenant revenue	<u>264,417</u>	<u>0</u>	<u>264,417</u>
HUD PHA grants	253,502	249,742	503,244
Capital grants	0	58,539	58,539
Investment income - unrestricted	19,035	0	19,035
TOTAL REVENUES	<u>536,954</u>	<u>308,281</u>	<u>845,235</u>
EXPENSES:			
Administrative			
Administrative salaries	122,115	0	122,115
Auditing fees	8,055	0	8,055
Compensated absences	3,495	0	3,495
Employee benefit contributions - administrative	40,617	0	40,617
Other operating - administrative	26,497	250	26,747
Total Administrative Expense	<u>200,779</u>	<u>250</u>	<u>201,029</u>
Resident Services			
Resident services-other	3,186	0	3,186
Total Resident services expense	<u>3,186</u>	<u>0</u>	<u>3,186</u>
Utilities			
Water	1,378	0	1,378
Electricity	7,361	0	7,361
Gas	3,080	0	3,080
Total Utilities Expense	<u>11,819</u>	<u>0</u>	<u>11,819</u>
Ordinary Maintenance & Operation			
Ordinary maint. and oper. - labor	121,967	0	121,967
Ordinary maint. and oper. - materials & others	60,524	5,679	66,203
Ordinary maint. and oper. - contract costs	28,681	0	28,681
Ordinary maint. and oper. - benefits	49,233	0	49,233
Total Ordinary Maintenance & Operation	<u>260,405</u>	<u>5,679</u>	<u>266,084</u>
Protective services			
Protective services - other contracts	16,460	0	16,460
Total Protective Services	<u>16,460</u>	<u>0</u>	<u>16,460</u>

HOUSING AUTHORITY OF TOWN OF JONESBORO
Jonesboro, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
INCOME STATEMENT ACCOUNTS
SEPTEMBER 30, 2004

<u>Account Description</u>	<u>Low-Rent</u>	<u>Capital Fund</u>	<u>TOTAL</u>
General Expenses			
Insurance premiums	62,400	0	62,400
Payments in lieu of taxes	24,313	0	24,313
Bad debt - tenant rents	1,405	0	1,405
Other general expenses	21,722	0	21,722
Total General Expenses	<u>109,840</u>	<u>0</u>	<u>109,840</u>
TOTAL OPERATING EXPENSE	<u>602,489</u>	<u>5,929</u>	<u>608,418</u>
EXCESS OPERATING REVENUE OVER OPERATING EXPENSE	<u>(65,535)</u>	<u>302,352</u>	<u>236,817</u>
Other Expenses			
Extraordinary maintenance	47,705	0	47,705
Depreciation expense	160,199	0	160,199
Total Other Expenses	<u>207,904</u>	<u>0</u>	<u>207,904</u>
TOTAL EXPENSES	<u>810,393</u>	<u>5,929</u>	<u>816,322</u>
Other Financing Sources/(Uses)			
Operating transfers in	243,813	0	243,813
Operating transfers out	0	(243,813)	(243,813)
Total Other Financing Sources/(Uses)	<u>243,813</u>	<u>(243,813)</u>	<u>0</u>
EXCESS OF REVENUE OVER EXPENSES	<u>(29,626)</u>	<u>58,539</u>	<u>28,913</u>
Prior period adjustments	(78,769)	(19,566)	(98,335)
Beginning Net Assets	<u>2,843,089</u>	<u>432,599</u>	<u>3,275,688</u>
Equity Transfers	357,632	(357,632)	0
Ending Net Assets	<u>\$ 3,092,326</u>	<u>\$ 113,940</u>	<u>\$ 3,206,266</u>
Units months available	0	0	0
Units months leased	0	0	0

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<u>FEDERAL GRANTOR</u>			
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u>			
Public Housing:			
Operating subsidy	B - Major	14.850	\$ 253,502
Capital Fund Program	A - Major	14.872	<u>308,281</u>
TOTAL FEDERAL FINANCIAL AWARDS			\$ <u>561,783</u>

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the Town of Jonesboro and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - SUBRECIPIENTS:

The Housing Authority of the Town of Jonesboro provided no federal awards to subrecipients during the fiscal year ending September 30, 2004.

NOTE C - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

- The Housing Authority of the Town of Jonesboro received no federal awards of non-monetary assistance that are required to be disclosed for the year ended September 30, 2004.
- The Housing Authority of the Town of Jonesboro had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended September 30, 2004.
- The Housing Authority of the Town of Jonesboro maintains the following limits of insurance as of September 30, 2004:

Property	\$ 7,752,000
Liability	\$ 2,000,000
Commercial Auto	\$ 500,000
Commercial Auto	\$ 300,000
Worker Compensation	Regulatory
Directors of Officers Liability	\$ 1,000,000
Fidelity Bond	\$ 52,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.

**SUPPLEMENTARY INFORMATION
SPECIAL REPORTS**

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Annual Contributions Contract FW-1213

PHASE LA48PO6150102

1 The Actual Modernization Costs of Phase 501-02 were:

Funds Approved	\$ 374,632
Funds Expended	<u>374,632</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 374,632
Funds Expended	<u>374,632</u>
Excess of Funds Advanced	<u>\$ -</u>

- 2 There were no audit period additions and accordingly all costs were audited by prior years' auditors
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated July 9, 2003, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 4 All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO
Jonesboro, Louisiana

STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Annual Contributions Contract FW-1213

PHASE LA48PO6150203

1 The Actual Modernization Costs of Phase 502-03 were:

Funds Approved	\$ 59,642
Funds Expended	<u>59,642</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 59,642
Funds Expended	<u>59,642</u>
Excess of Funds Advanced	<u>\$ -</u>

- 2 Audit period additions were \$59,642 and accordingly were audited by Rector & Moffitt, P.C.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated September 28, 2004, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 4 All modernization costs have been paid and all related liabilities have been discharged through payment.