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

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

**YEAR ENDED SEPTEMBER 30, 2005**

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 5-10-06

## TABLE OF CONTENTS

	<b>Page</b>
<i>Management Discussion &amp; Analysis</i>	1-4
Accountants' Report on Financial Statements	5
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets	6
Statement of Revenues, Expenses and Changes in Fund Net Assets	7
Statement of Cash Flows	8-9
Notes to Financial Statements	10-18
<b>SINGLE AUDIT SECTION</b>	
Accountants' Report on Compliance and Internal Control Structure Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	19
Accountants' Report on Compliance with Requirements Applicable To Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	20-21
Status of Prior Audit Findings	22
Schedule of Findings and Questioned Costs	23
<b>SUPPLEMENTARY INFORMATION</b>	
Financial Data Submission Summary – Net Asset Accounts	24
Financial Data Submission Summary – Income Statement Accounts	25
Schedule of Expenditures of Federal Financial Awards	26
Notes to Schedule of Expenditures of Federal Awards	27
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SPECIAL REPORTS</b>	
Statement of Actual Modernization Costs – ACC FW-1213 – Phase LA48P06150104	28
Statement of Actual Modernization Costs – ACC FW-1213 – Phase LA48P06150105	29

**HOUSING AUTHORITY OF THE TOWN OF JONESBORO  
PROGRAM NUMBER FW-1213**

**MANAGEMENT DISCUSSION & ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

As management of the Jonesboro Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities to consider the information presented here in conjunction with the Authority's financial statements.

***Financial Highlights***

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,462,548.
- As of the close of the current fiscal year, the Authority's ending unrestricted net assets increased by \$362,536.
- The Authority's cash and investment balance at September 30, 2005 was \$1,546,429.
- The Authority had total revenue of \$1,183,895 while expenses totaled \$861,754.
- The Authority's capital outlays for the year were \$167,781.

***Overview of the Financial Statements***

The discussion and analysis is intended to serve as an introduction of the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of Revenues, 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 Awards as supplemental information in addition to the basic financial statements themselves.

The Authority has only one fund type, namely a proprietary fund. The statement of Net Assets included all of the Authority's assets and liabilities. This fund type is used for activities which are financial 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 Capital Fund Programs. The Low Rent Program consists of 191 units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received from the Department of Housing and Urban Development based on a formula. The purpose of this program is 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.

The Authority's overall financial position and operations for the year is summarized below based on the information in the current financial statements. The table below lists the assets and liabilities as of the September 30, 2005.

**HOUSING AUTHORITY OF THE TOWN OF JONESBORO  
PROGRAM NUMBER FW-1213**

**MANAGEMENT DISCUSSION & ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**SUMMARY OF NET ASSETS**

<b>Assets:</b>	<b>2004</b>	<b>2005</b>	<b>Variance</b>
Current Assets and Other Assets	1,090,073	1,581,344	491,271
Capital Assets, Net	2,255,280	2,149,026	-106,254
<b>Total Assets</b>	<u>3,345,353</u>	<u>3,730,370</u>	<u>385,017</u>
<b>Liabilities:</b>			
Current Liabilities	131,314	259,170	127,856
Long-Term Liabilities	7,773	8,652	879
<b>Total Liabilities</b>	<u>139,087</u>	<u>267,822</u>	<u>128,735</u>
<b>Net Assets:</b>			
Invested in Capital Assets	2,255,280	2,149,026	-106,254
Unrestricted	950,986	1,313,522	362,536
<b>Total Net Assets</b>	<u>3,206,266</u>	<u>3,462,548</u>	<u>256,282</u>

***Cash and Investments***

Cash and Investments increased by \$493,239 during the year. This increase was related to the receipt of \$180,410 in insurance proceeds that remain unexpended at year-end and the PHA's utilization of Capital Fund draws to fund operations in the amount of \$623,327.

***Net Assets***

The Authority's unrestricted net assets increased by \$362,536 and total net assets increased by \$256,282. The authority had excess revenue over expense of \$322,141 along with prior period adjustments of \$(65,859) resulted in a net increase to net assets of \$256,282.

***Liabilities***

Current liabilities increased by \$127,856 as a result of the \$180,410 of unexpended insurance proceeds offset by lower accounts payable amounts outstanding as of September 30, 2005.

**HOUSING AUTHORITY OF THE TOWN OF JONESBORO  
PROGRAM NUMBER FW-1213**

**MANAGEMENT DISCUSSION & ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

<b>Program:</b>	<b>2004</b>	<b>2005</b>	<b>Variance</b>
Net Tenant Revenue	264,417	291,229	26,812
HUD Operating Grants	503,244	873,090	369,846
<b>Non-Operating:</b>			
Capital Grants	58,539	0	-58,539
Interest	19,035	19,576	541
<b>Total Revenues:</b>	<u>845,235</u>	<u>1,183,895</u>	<u>338,660</u>
<b>Expenses:</b>			
Admin	201,029	234,991	33,962
Dep	160,199	186,455	26,256
Maintenance	313,563	324,830	11,267
General	109,840	83,109	-26,731
Protective Services	16,686	16,686	0
Utilities	11,819	12,836	1,017
Tenant Services	3,186	2,847	-339
	<u>816,322</u>	<u>861,754</u>	<u>45,432</u>
<b>Change In Net Assets</b>	<u>28,913</u>	<u>322,141</u>	<u>293,228</u>

Results of Operations

Operating revenues of the Authority are generated principally from dwelling rent and HUD operating subsidies. The Authority's total revenue increased by \$338,660. Of this increase to revenues, rental income increased by \$26,812, while the HUD grant revenue increased by \$311,307. The rental increase is a result of more units being occupied during the year, and the Grant Revenue was the result of the Capital Fund Program revenue which will not be consistent from year to year.

The total expenses increased by \$45,432. Of this amount \$33,962 was from the increase to administration. The increase to administration was the result of additional staffing costs which increased the salary and benefit expense by \$26,818. Depreciation increased by \$26,256 as a result of new assets being placed into service, and prior year adjustments which impacted future depreciation amounts due to changes in estimates. The maintenance costs increased by a net amount of \$11,267. The current year showed no extraordinary maintenance costs representing a decrease of \$47,705, while the contract costs increased by \$51,982. This was due to a change in the accounting treatment for certain costs. Also, the category of maintenance materials increased by \$10,681 over the prior year, in order to bring additional units on-line.

**HOUSING AUTHORITY OF THE TOWN OF JONESBORO  
PROGRAM NUMBER FW-1213**

**MANAGEMENT DISCUSSION & ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

***Capital Asset and Debt Administration***

**Capital Assets**

As of September 30, 2005 the Authority's investment in capital assets was \$2,149,026 (net of accumulated depreciation). This investment includes land, building improvements, dwelling equipment and maintenance equipment. The notes to the financial statements provide summaries of the changes to capital assets by category. The total capital additions were \$167,781, which was offset by the depreciation expense of \$186,455 and adjustments to capital assets of \$(87,580). The net change to capital assets was a decrease of \$106,254.

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

1. Building improvements consisted of hvac, foundation repair, and replacement windows.

**Long Term Debt**

The Authority does not have any long-term debt outstanding as of September 30, 2005.

**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. Therefore, any results of budget shortfalls cannot be determined.

**Contacting the Authority's Finance 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:

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, 2005**

## 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, 2005, 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.

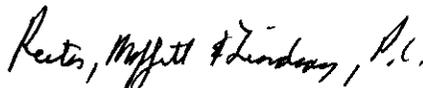
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan 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 statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Jonesboro, as of September 30, 2005, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2006 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as the Financial Data Schedule required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion; the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Rector, Moffitt & Lindsay, P.C.  
Certified Public Accountants

Snellville, Georgia  
February 9, 2006



*Certified Public  
Accountants*

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

**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2005**

**ASSETS**

**Current Assets**

Cash & investments	\$ 1,546,429
Accounts receivable - net of allowance	859
Prepaid expenses	26,878
Inventories - net of allowance	<u>7,178</u>
<b>Total Current Assets</b>	<b><u>1,581,344</u></b>

**Noncurrent Assets**

**Capital Assets**

Land	680,738
Buildings & improvements	3,800,246
Furniture & equipment	246,185
Construction in progress	<u>261,291</u>
	4,988,460
Less: Accumulated depreciation	<u>(2,839,434)</u>
<b>Total Capital assets, net</b>	<b><u>2,149,026</u></b>
<b>Total Noncurrent Assets</b>	<b><u>2,149,026</u></b>

**TOTAL ASSETS** **\$ 3,730,370**

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

**LIABILITIES**

**Current Liabilities**

Accounts payable	\$ 55,891
Accrued expenses	7,224
Tenant security deposits	14,720
Unearned Revenue	<u>181,335</u>

**Total current liabilities** 259,170

**Noncurrent Liabilities**

Accrued compensated absences - net of current	<u>8,652</u>
<b>Total noncurrent Liabilities</b>	<u>8,652</u>

**TOTAL LIABILITIES** 267,822

**NET ASSETS**

Investment in capital assets - net of related debt	2,149,026
Unrestricted Net Assets	<u>1,313,522</u>

**TOTAL NET ASSETS** 3,462,548

**TOTAL LIABILITIES AND NET ASSETS** \$ 3,730,370

**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, 2005**

**Operating Revenues:**

Dwelling rent	\$ 291,229
Governmental grants & subsidy	<u>873,090</u>
Total Operating Revenue	<u>1,164,319</u>

**Operating Expenses:**

Administration	234,991
Tenant services	2,847
Utilities	12,836
Ordinary maintenance	324,830
Protective service	16,686
General expense	83,109
Depreciation	<u>186,455</u>
Total Operating Expense	<u>861,754</u>

OPERATING INCOME 302,565

**Operating Expenses**

Investment income	<u>19,576</u>
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INCOME BEFORE CONTRIBUTIONS AND TRANSFERS 322,141

Governmental grants - capital	<u>0</u>
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Change in Net Assets 322,141

Net assets - beginning balance 3,206,266

Prior period adjustments (65,859)

Net assets - ending balance \$ 3,462,548

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, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 297,792
Government grants & subsidy - operations	873,090
Payments to suppliers	(292,890)
Payments to employees	<u>(236,548)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 641,444

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets - operations	<u>(167,781)</u>
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NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES (167,781)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income	<u>19,576</u>
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NET CASH PROVIDED FROM INVESTING ACTIVITIES 19,576

NET INCREASE/DECREASE IN CASH 493,239

CASH AT BEGINNING OF PERIOD 1,053,190

CASH AT END OF PERIOD \$ 1,546,429

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Payment of Interest \$ 0

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**Reconciliation of operating income to net cash provided by operating activities**

Net Income (Loss) from operations	\$ 302,565
Prior period adjustment affecting working capital	21,722
Depreciation	186,454
Decrease (Increase) in accounts receivable	6,563
Decrease (Increase) in prepaid expenses	(4,762)
Decrease (Increase) in inventories	(7,178)
Increase (Decrease) in tenant security deposits	80
Increase (Decrease) in accounts payable	(46,154)
Increase (Decrease) in accrued expenses	1,165
Increase (Decrease) in unearned revenue	<u>180,989</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ <u>641,444</u>

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, 2005**

**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, 2005**  
(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.

**Capital Fund Program** - The objective of these programs is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the program.

**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, 2005**  
(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. Capital Assets and Depreciation:**

Capital assets are stated at historical cost. Donated capital 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 capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets.

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

Buildings & improvements	10-40 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, 2005**  
(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, 2005**  
(Continued)

**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, 2005. 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.)

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

Total Book Balances	Category		
	1	2	3
\$ 171,097	\$ 0	\$ 0	\$ 171,097

**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

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2005**  
(Continued)

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

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at September 30, 2005. 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:

<u>Types of Investments</u>	<u>Category</u>			<u>Carrying Value</u>	<u>Cost</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Deposits at federally insured depositories	<u>\$ 1,375,332</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,375,332</u>	<u>\$ 1,375,332</u>
Checking accounts					\$ 171,097
Certificates of deposit					698,569
Overnight sweep account/T-bills					<u>505,666</u>
					<u>\$ 1,375,332</u>

**NOTE 3 - ACCOUNTS RECEIVABLE:**

Accounts receivable at September 30, 2005, consisted of the following:

Tenants (net of allowance of \$66)	\$ <u>859</u>
	\$ <u>859</u>

**NOTE 4 - DEFERRED CHARGES:**

Deferred charges consisted of the following at September 30, 2005:

Prepaid insurance	\$ 26,878
Inventory (net of obsolete portion \$100)	<u>7,178</u>
	<u>\$ 34,056</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2005**  
(Continued)

**NOTE 5 - CAPITAL ASSETS:**

The following is a summary of changes in the capital assets during the fiscal year ended September 30, 2005:

	Balance October 1, 2004	Additions	Adjustments	Depreciation/ Retirement	Balance Sept 30, 2005
<b>Capital Assets:</b>					
Land	\$ 680,738	\$ 0	\$ 0	\$ 0	\$ 680,738
Buildings	3,784,594	529	15,123	0	3,800,246
Furniture & Equipment	78,933	167,252	0	0	246,185
Construction in Progress	113,940	0	147,351	0	261,291
Accumulated depreciation	<u>( 2,402,925)</u>	<u>0</u>	<u>(250,054)</u>	<u>(186,455)</u>	<u>( 2,839,434)</u>
<b>Total Capital Assets</b>	<u>\$ 2,255,280</u>	<u>\$ 167,781</u>	<u>\$ (87,580)</u>	<u>\$ (186,455)</u>	<u>\$ 2,149,026</u>

A summary of activities affecting capital assets as of September 30, 2005 is as follows:

Balance as of October 1, 2005	\$ 2,255,280
Additions	167,781
Depreciation	(186,455)
Adjustment to restate capital assets/depreciation	<u>(87,580)</u>
Balance as of September 30, 2005	<u>\$ 2,149,026</u>

**NOTE 6 - ACCOUNTS PAYABLE:**

Accounts payable at September 30, 2005, consisted of the following:

Vendors & contractors payable	\$ 8,177
Accounts payable – Payment in lieu of taxes	47,714
Tenant security deposits	<u>14,720</u>
	<u>\$ 70,611</u>

**NOTE 7 - ACCRUED LIABILITIES AND DEFERRED CREDITS:**

Accrued liabilities and deferred credits consisted of the following at September 30, 2005:

Accrued compensated absences – current portion	\$ 7,224
Unearned revenue – insurance proceeds	180,410
Tenants prepaid rent	<u>925</u>
	<u>\$ 188,559</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2005**  
(Continued)

**NOTE 8 - NONCURRENT LIABILITIES:**

Non-current liabilities consisted of the following at September 30, 2005:

Accrued compensated absences – non current portion	\$ <u>8,652</u>
	\$ <u>8,652</u>

**NOTE 9 - PRIOR PERIOD ADJUSTMENTS:**

The following prior year adjustments were made during the year ended September 30, 2005:

<b>Low Rent Program</b>	
Equity transfer from Capital Fund Program	\$ 113,940
Adjustment to correct capital assets & depreciation	(87,581)
Prior audit adjustment not recorded	<u>21,722</u>
	48,081
 <b>Capital Fund Program</b>	
Equity transfer to Low Rent Program to close out CFP 501-03	<u>(113,940)</u>
 Total prior period adjustments	 \$ <u>(65,859)</u>

**NOTE 10- 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.

**NOTE 11- 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 covered payroll for the year ended September 30, 2005 was \$236,548.

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

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2005**  
(Continued)

**NOTE 11- PENSION PLAN: (Cont'd)**

The Housing Authority's contribution for the year ended September 30, 2005 was \$16,558.31 and the total pension contribution for the year was \$28,385.74.

**NOTE 12- RELATED PARTY TRANSACTIONS:**

There were no related party transactions to be reported for the fiscal year ended September 30, 2005.

**NOTE 13 - 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 14 - 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 15 - 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, 2005, and have issued our report thereon dated February 9, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Housing Authority of the Town of Jonesboro's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

**Compliance and Other Matters**

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 or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of the Housing Authority of the Town of Jonesboro, in a separate letter dated February 9, 2006.

This report is intended solely 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 & Lindsay, P.C.  
Certified Public Accountants

Snellville, Georgia  
February 9, 2006



*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, 2005. 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. 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.

In our opinion, 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, 2005.

**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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

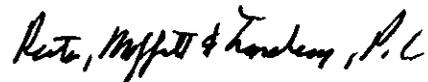


**RECTOR  
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This report is intended solely for the information and use of the Housing Authority of the Town of Jonesboro, the State of Louisiana, HUD and other federal audit agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rector, Moffitt & Lindsay, P.C.  
Certified Public Accountants

Snellville, Georgia  
February 9, 2006

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

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended September 30, 2004, contained one (1) formal audit finding. Its status is as follows:

***Finding No. 2004-01: Capital Asset Deficiencies:***  
**CFDA #14.850**

**Condition & cause:**

The PHA Capital Asset register is not in compliance with the Authority's capitalization policy dealing with capitalization threshold of capital assets and the capital 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, 2005.

**Status:**

The PHA made all of the required adjustments to correctly state capital asset balances in compliance with PHA policies. This finding is cleared.



**SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE TOWN OF JONESBORO**

Jonesboro, Louisiana

**FINANCIAL DATA SCHEDULE**

**NET ASSET ACCOUNTS**

**SEPTEMBER 30, 2005**

	Low-Rent <u>14,850</u>	Capital Fund <u>14,872</u>	TOTAL
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash:			
Cash - unrestricted	\$ 171,097	\$ 0	\$ 171,097
Total Cash	<u>171,097</u>	<u>0</u>	<u>171,097</u>
Accounts and notes receivables:			
Accounts receivable - tenants	925	0	925
Allowance for doubtful accounts - tenants	(66)	0	(66)
Accrued interest receivable	0	0	0
Allowance for doubtful accounts - other	0	0	0
Total receivables, net of allowances for uncollectibles	<u>859</u>	<u>0</u>	<u>859</u>
Current investments			
Investments - unrestricted	1,375,332	0	1,375,332
Prepaid expenses and other assets	26,878	0	26,878
Inventories	7,278	0	7,278
Allowance for obsolete inventory	(100)	0	(100)
Interprogram due from	0	0	0
<b>TOTAL CURRENT ASSETS</b>	<u><b>1,581,344</b></u>	<u><b>0</b></u>	<u><b>1,581,344</b></u>
<b>NONCURRENT ASSETS:</b>			
Capital Assets:			
Land	680,738	0	680,738
Buildings	3,800,246	0	3,800,246
Furniture, equipment & mach. - dwelling	55,578	0	55,578
Furniture, equipment & mach. - admin.	190,607	0	190,607
Accumulated depreciation	(2,839,434)	0	(2,839,434)
Construction in progress	261,291	0	261,291
Total capital assets, net of accumulated depreciation	<u>2,149,026</u>	<u>0</u>	<u>2,149,026</u>
Long-term notes receivable			0
<b>TOTAL NONCURRENT ASSETS</b>	<u><b>2,149,026</b></u>	<u><b>0</b></u>	<u><b>2,149,026</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 3,730,370</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 3,730,370</b></u>
<b>LIABILITIES AND EQUITY:</b>			
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 8,177	\$ 0	\$ 8,177
Accrued compensated absences - current	7,224	0	7,224
Accounts payable - other government	47,714	0	47,714
Tenant security deposits	14,720	0	14,720
Unearned revenues	181,335	0	181,335
Interprogram (due to)	0	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>259,170</b></u>	<u><b>0</b></u>	<u><b>259,170</b></u>
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences - non current	8,652	0	8,652
<b>TOTAL NONCURRENT LIABILITIES</b>	<u><b>8,652</b></u>	<u><b>0</b></u>	<u><b>8,652</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>267,822</b></u>	<u><b>0</b></u>	<u><b>267,822</b></u>
<b>NET ASSETS</b>			
Invested in capital assets - net of related debt	2,149,026	0	2,149,026
Unrestricted Net Assets	1,313,522	0	1,313,522
<b>TOTAL NET ASSETS</b>	<u><b>3,462,548</b></u>	<u><b>0</b></u>	<u><b>3,462,548</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 3,730,370</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 3,730,370</b></u>

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

**FINANCIAL DATA SCHEDULE**  
**INCOME STATEMENT ACCOUNTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Low-Rent</u> 14.850	<u>Capital Fund</u> 14.872	<u>TOTAL</u>
<b>REVENUE:</b>			
Net tenant rental revenue	\$ 271,450	\$ 0	\$ 271,450
Tenant revenue - other	19,779	0	19,779
Total tenant revenue	<u>291,229</u>	<u>0</u>	<u>291,229</u>
HUD PHA grants	249,763	623,327	873,090
Capital grants	0	0	0
Investment income	19,576	0	19,576
<b>TOTAL REVENUE</b>	<b><u>\$ 560,568</u></b>	<b><u>\$ 623,327</u></b>	<b><u>\$ 1,183,895</u></b>
<b>EXPENSES:</b>			
Administrative			
Administrative salaries	\$ 140,800	\$ 0	\$ 140,800
Auditing fees	5,020	0	5,020
Compensated absences	1,165	0	1,165
Employee benefit contributions - administrative	48,750	0	48,750
Other operating - administrative	39,256	0	39,256
Total Administrative Expense	<u>234,991</u>	<u>0</u>	<u>234,991</u>
Tenant Services			
Other - tenant services	2,847	0	2,847
Total Tenant Services	<u>2,847</u>	<u>0</u>	<u>2,847</u>
Utilities			
Water	1,497	0	1,497
Electricity	8,567	0	8,567
Gas	2,772	0	2,772
Total Utilities Expense	<u>12,836</u>	<u>0</u>	<u>12,836</u>
Ordinary Maintenance & Operation			
Ordinary maint. and oper. - labor	116,921	0	116,921
Ordinary maint. and oper. - materials & others	76,884	0	76,884
Ordinary maint. and oper. - contract costs	80,663	0	80,663
Employee benefit contributions - maint.	50,362	0	50,362
Total Ordinary Maintenance & Operation	<u>324,830</u>	<u>0</u>	<u>324,830</u>
Protective services			
Protective services - other	16,686	0	16,686
Total Protective Services	<u>16,686</u>	<u>0</u>	<u>16,686</u>
General Expenses			
Insurance premiums	56,445	0	56,445
Other general expense	0	0	0
Payments in lieu of taxes	25,861	0	25,861
Bad debts - tenant rents	803	0	803
Total General Expenses	<u>83,109</u>	<u>0</u>	<u>83,109</u>
<b>TOTAL OPERATING EXPENSE</b>	<b><u>675,299</u></b>	<b><u>0</u></b>	<b><u>675,299</u></b>
<b>EXCESS OPERATING REVENUE OVER EXPENSE</b>	<b><u>(114,731)</u></b>	<b><u>623,327</u></b>	<b><u>508,596</u></b>
Other Expenses			
Extraordinary maintenance	0	0	0
Depreciation expense	186,455	0	186,455
Total Other Expenses	<u>186,455</u>	<u>0</u>	<u>186,455</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 861,754</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 861,754</u></b>
Operating transfers in / (out)	623,327	(623,327)	0
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b><u>\$ 322,141</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 322,141</u></b>
Beginning Equity	3,092,326	113,940	3,206,266
Prior period adjustments	48,081	(113,940)	(65,859)
Ending Equity	<b><u>\$ 3,462,548</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 3,462,548</u></b>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<b>FEDERAL GRANTOR</b>			
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</b>			
<b>Public Housing:</b>			
Low Rent Public Housing	B-Nonmajor	14.850	\$ 249,763
Capital Fund Program	A-Major	14.872	<u>623,327</u>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<b>\$ <u>873,090</u></b>

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

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**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, 2005.

**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, 2005.
- 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, 2005.
- The Housing Authority of the Town of Jonesboro maintains the following limits of insurance as of September 30, 2005:

Property	\$ 7,752,000
Liability	\$ 2,000,000
Commercial Auto	\$ 500,000
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 AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS**  
**SEPTEMBER 30, 2005**

**Annual Contributions Contract FW-1213**

**PHASE LA48P06150104**

1. The Modernization Costs of Phase LA48P0650104 are as follows:

Funds Approved	\$ 346,850
Funds Expended	<u>346,850</u>
<i>Excess / (Deficiency) of Funds Approved</i>	<u>\$ 0</u>
Funds Advanced	\$ 346,850
Funds Expended	<u>346,850</u>
<i>Excess / (Deficiency) of Funds Advanced</i>	<u>\$ 0</u>

2. Audit period additions were \$213,449 and accordingly were audited by Rector, Moffitt & Lindsay, P.C.

3. The costs as shown on the Actual Comprehensive Grant Cost Certificate dated September 30, 2005 submitted to HUD for approval is in agreement with the PHA's records.

4. All Capital Grant Costs have been paid and all related liabilities have been discharged through payment.

5. The time in which such liens could be filed has expired.

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

**STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS**  
**SEPTEMBER 30, 2005**

**Annual Contributions Contract FW-1213**

**PHASE LA48P06150105**

1. The Modernization Costs of Phase LA48P0650105 are as follows:

Funds Approved	\$ 276,747
Funds Expended	<u>276,747</u>
Excess / (Deficiency) of Funds Approved	<u>\$ 0</u>
Funds Advanced	\$ 276,747
Funds Expended	<u>276,747</u>
Excess / (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. Audit period additions were \$276,747 and accordingly were audited by Rector, Moffitt & Lindsay, P.C.

3. The costs as shown on the Actual Comprehensive Grant Cost Certificate dated September 30, 2005 submitted to HUD for approval is in agreement with the PHA's records.

4. All Capital Grant Costs have been paid and all related liabilities have been discharged through payment.

5. The time in which such liens could be filed has expired.

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February 9, 2006

To the Board of Commissioners  
Housing Authority of the Town of Jonesboro

We have audited the financial statements of Housing Authority of the Town of Jonesboro for the year ended September 30, 2005, and have issued our report thereon dated February 9, 2006. Professional standards require that we provide you with the following information related to our audit:

***Our Responsibility under Generally Accepted Auditing Standards***

As stated in our contract dated August 31, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As a part of our audit, we considered the internal control structure of Housing Authority of the Town of Jonesboro. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

***Significant Accounting Policies***

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Housing Authority of the Town of Jonesboro are described in Note 1 to the financial statements. We noted no transactions entered into by the Housing Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.



RECTOR  
MOFFITT &  
LINDSAY, P.C.

*Certified Public  
Accountants*

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Snellville, GA 30078  
(770) 879-8411  
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***Significant Audit Adjustments***

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Housing Authority that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Housing Authority's financial reporting process.

***Disagreements with Management***

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing our audit.

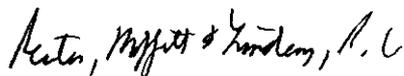
***Additional Comments and Observations***

1. **PILOT** – A review of PILOT activity revealed that the reported balance on un-audited financial statement was incorrect. Also PHA owes two years of PILOT that appears to have arisen during Fiscal Year 2002 when no payments were made to the School Board or the Town of Jonesboro. PHA needs to pay \$47,713.89 of PILOT amounts within the next 90 days.
2. **Investments** – The PHA needs to improve controls over investments. Accrued interest payable and Insurance Proceeds received but not expended as of September 30, 2005 were not adequately recorded. In addition, a C/D had an account number changed and was reported twice in the amount of \$24,035.90. These errors relate to a miscommunication with the outside fee accountant responsible for the un-audited FDS rather than a reportable control deficiency. We recommend that the PHA establish a quarterly summary that provides a one-page at a glance snapshot for all investment activity that is agreed back to the general ledger.
3. **Inspections** – The PHA needs to improve documentation over Move-in Inspections and we recommend that tenant's signature be obtained upon acceptance of the unit. This will supplement the videos being maintained. In addition, all inspection forms should be completely filled out and filed in a standard location in each file.

4. **Budget** – A review of Budget revision #1 revealed that several expenditure line-items on the un-audited FDS were in excess of approved amounts. In addition, the revenue amounts did not appear to have any relationship to actual amounts. Administrative expenses were over budget by \$38,101, Utilities by \$1,896 and Ordinary Maintenance by \$29,865. A large portion of this can be traced to an 8% incentive bonus plan awarded to employees and paid out in October 2004. We recommend that the PHA aggressively monitor its expenditure activity in relation to its budget and that revisions be approved by the Board when needed. Given that the PHA's expenditure level is in excess of HUD established peer limits, the PHA receives zero points for the expenditure level MASS indicator. The PHA needs to aggressively cut costs wherever possible.
  
5. **Capital Assets** – A review of capital assets revealed that enough improvement was made to remove the prior period finding. We recommend that the PHA carefully review all expenditure activity to insure that all amounts are appropriately capitalized. The PHA should review all expenses when incurred to determine whether they are of a capital nature or not. This determination will facilitate capital asset presentation. We recommend that all charges to maintenance materials be closely scrutinized to insure that all eligible items are capitalized. We noted many items purchased for cabinetry, plumbing and other items that if utilized in renovation activity that could possibly be capitalized and could help reduce maintenance expense if part of a concerted modernization activity.

This information is intended solely for the use of the Audit Committee, Board of Commissioners, and management of Housing Authority of the Town of Jonesboro and should not be used for any other purpose.

Very truly yours,



RECTOR, MOFFITT, & LINDSAY, P.C.  
Certified Public Accountants

**Executive Director**  
Cora Stringer

**Assistant Director**  
Dale Gunter

**Project Director**  
Audie Peel

*Housing Authority Of The  
Town Of Jonesboro*

*839 Harvey Place  
Jonesboro, Louisiana 71251-2907*

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**Board of Commissioners:**

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

May 3, 2006

Office of Legislative Auditor  
Attention: Joanne  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

RECEIVED  
LEGISLATIVE AUDITOR  
06 MAY -8 AM 11:10

Dear Joanne:

Attached are our responses to the issues raised in the management letter issued in conjunction with the audit of the Housing Authority of the Town of Jonesboro for the year ended September 30, 2005. We were unaware of the requirement of providing a corrective action plan for these items. We will update our procedures to provide a response on future audits. Five areas of improvement were cited. Our response to each of the items is as follows:

1. **PILOT** – A review of PILOT activity revealed that the reported balance on un-audited financial statement was incorrect. Also PHA owes two years of PILOT that appears to have arisen during Fiscal Year 2002 when no payments were made to the School Board or the Town of Jonesboro. PHA needs to pay \$47,713.89 of PILOT amounts within the next 90 days.

**Corrective Action Plan:** The 2002 PILOT and the 2005 PILOT checks totaling \$47,713.89 were hand delivered to the Town of Jonesboro and the Jackson Parish School Board.

**Target Completion Date:** March 1, 2006

2. **Investments** – The PHA needs to improve controls over investments. Accrued interest payable and Insurance Proceeds received but not expended as of September 30, 2005 were not adequately recorded. In addition, a C/D had an account number changed and was reported twice in the amount of \$24,035.90. These errors relate to a miscommunication with the outside fee accountant responsible for the un-audited FDS rather than a reportable control deficiency. We recommend that the PHA establish a quarterly summary that provides a one-page at a glance snapshot for all investment activity that is agreed back to the general ledger.

**Corrective Action Plan:** The PHA has established a one page Investment Summary which at a glance reveals the Investment activity that will agree back to the General Ledger. A copy is sent to the fee accountant on a monthly basis to prevent any miscommunication in the future.

**Target Completion Date:** March 1, 2006

- 3. Inspections** – The PHA needs to improve documentation over Move-in Inspections and we recommend that tenant's signature be obtained upon acceptance of the unit. This will supplement the videos being maintained. In addition, all inspection forms should be completely filled out and filed in a standard location in each file.

**Corrective Action Plan:** The PHA immediately added the Move In form in each new applicant file, requiring the tenant to sign when accepting the Unit. The PHA will continue to Video the apartment before each new family moves in and will keep them on file.

**Target Completion Date:** March 1, 2006

- 4. Budget** – A review of Budget revision #1 revealed that several expenditure line-items on the un-audited FDS were in excess of approved amounts. In addition, the revenue amounts did not appear to have any relationship to actual amounts. Administrative expenses were over budget by \$38,101, Utilities by \$1,896 and Ordinary Maintenance by \$29,865. A large portion of this can be traced to an 8% incentive bonus plan awarded to employees and paid out in October 2004. We recommend that the PHA aggressively monitor its expenditure activity in relation to its budget and that revisions be approved by the Board when needed. *Given that the PHA's expenditure level is in excess of HUD established peer limits, the PHA receives zero points for the expenditure level MASS indicator. The PHA needs to aggressively cut costs wherever possible.*

**Corrective Action Plan:** The PHA will aggressively monitor and cut costs wherever possible in its expenditures in relation to the Budget. Revisions if needed will be approved by the Board.

**Target Completion Date:** March 1, 2006

- 5. Capital Assets** – A review of capital assets revealed that enough improvement was made to remove the prior period finding. We recommend that the PHA carefully review all expenditure activity to insure that all amounts are appropriately capitalized. The PHA should review all expenses when incurred to determine whether they are of a capital nature or not. This determination will facilitate capital asset presentation. We recommend that all charges to maintenance materials be closely scrutinized to insure that all eligible items are capitalized. We noted many items purchased for cabinetry, plumbing and other items that if utilized in renovation activity that could possibly be capitalized and could help reduce maintenance expense if part of a concerted modernization activity.

**Corrective Action Plan:** The PHA in the future will review all expenditures to insure that they are appropriately capitalized with special attention to maintenance materials that are eligible to be capitalized.

**Anticipated Target Completion Date:** March 1, 2006

Page Three

If you have any questions or need additional information, please feel free to contact me at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Cora Stringer". The signature is written in black ink and is positioned above the printed name and title.

Cora Stringer  
Executive Director

Housing Authority of the Town of Jonesboro