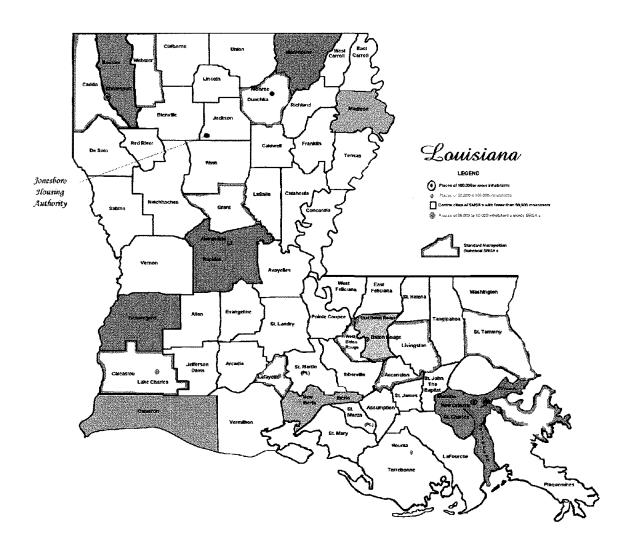
HOUSING AUTHORITY OF THE TOWN OF JONESBORO, LOUISIANA

Basic Financial Statements & Independent Auditor's Reports

September 30, 2013

HOUSING AUTHORITY OF THE TOWN OF JONESBORO JONESBORO, LOUISIANA



◆ Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds. The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners.

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INDEPENDENT AUDITOR'S REPORT

Housing Authority of the Town of Jonesboro, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Town of Jonesboro, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Town of Jonesboro, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Jonesboro's basic financial statements. The accompanying Financial Data Schedule, required by HUD, and supplementary schedules and statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 also not a required part of the basic financial statements.

The Financial Data Schedule, supplementary schedules and statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule, supplementary schedules and statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2014, on our consideration of the Housing Authority of the Town of Jonesboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Housing Authority of the Town of Jonesboro's internal control over financial reporting and compliance.

The Vercher Group January 31, 2014

Jena, Louisiana

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

September 30, 2013

Management's Discussion and Analysis (MD&A) September 30, 2013

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, 2013. 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 \$2,998,023 (net position).
- As of the close of the current fiscal year, the Authority's ending unrestricted net position was \$645,366.
- The Authority's cash balance at September 30, 2013, was \$101,277, while investments totaled \$600,000.
- The Authority had total revenue of \$985,904 in which \$721,510 was operating revenue, \$50,268 was non-operating revenue, and \$214,126 was capital contributions.
- The Authority had total expenses of \$1,071,717 in which \$253,230 was for depreciation, which is a non-cash transaction.
- The Authority had a total change in net position of \$(85,813).

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 Position, Statement of Revenue, Expenses and Changes in Net Position, Statement of Cash Flows, and the notes to the financial statements. This report also contains the Schedule of Expenditures of Federal Awards as supplementary information in addition to the basic financial statements themselves.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Position 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. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the 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.

Management's Discussion and Analysis (MD&A) September 30, 2013

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, 2013.

Statement of Net Position

| Category | | 2012 | | 2013 | % Change |
|--|--------|-----------|------|-----------|----------|
| Current Assets | - \$ - | 757,733 | \$ _ | 712,980 | -5.9 |
| Current Restricted Assets | | 14,480 | | 14,880 | 2.8 |
| Capital Assets-Net of Depreciation | | 2,391,497 | | 2,352,657 | -l.6 |
| Total Assets | | 3,163,710 | - | 3,080,517 | -2.6 |
| Current Liabilities | | 46,026 | | 52,476 | 14.0 |
| Liabilities Payable From Restricted Assets | | 14,480 | | 14,880 | 2.8 |
| Non-Current Liabilities | | 19,368 | | 15,138 | -21.8 |
| Total Liabilities | **** | 79,874 | | 82,494 | 3.3 |
| Invested in Capital Assets (Net) | | 2,391,497 | | 2,352,657 | -1.6 |
| Unrestricted Net Position | | 692,339 | | 645,366 | -6.8 |
| Total Net Position | \$ | 3,083,836 | \$ | 2,998,023 | -2.8 |

- Current assets decreased by \$44,753 or 5.9% from last year. The primary reasons for this decrease are due to a decrease in investments in the amount of \$50,000.
- Capital assets, net of accumulated depreciation decreased by \$38,840 or 1.6%. This decrease was caused by an increase in accumulated depreciation.
- Current liabilities increased by \$6,450 or 14.0%; liabilities payable from restricted assets increased by \$400 or 2.8%; and non-current liabilities decreased by \$4,230 or 21.8%.

Management's Discussion and Analysis (MD&A) September 30, 2013

The table below lists the revenue and expense comparisons for the year ended September 30, 2013.

| Operating Revenues | | 2012 | | 2013 | % Change |
|--|--------|-----------|------|-----------|----------|
| Rental Revenue | \$ | 319,321 | \$ | 338,681 | 6.1 |
| Other Tenant Revenue | | 16,457 | | 14,536 | 11.7 |
| HUD Operating Grants | ****** | 349,459 | | 368,293 | 5.4 |
| Total Operating Revenues | | 685,237 | | 721,510 | 5.3 |
| Operating Expenses | | | | | |
| Administration: | | | | | |
| Administrative Salaries | | 175,894 | | 187,812 | 6.8 |
| EBC-Administrative | | 68,371 | | 70,988 | 3.8 |
| Other Operating - Administrative | | 50,154 | | 56,765 | 13.2 |
| Cost of Sales & Service: | | | | | |
| Tenant Services – Other | | 4,450 | | 3,775 | -15.2 |
| Water | | 1,707 | | 1,690 | -1.0 |
| Electricity | | 11,416 | | 12,088 | 5.9 |
| Gas | | 3,208 | | 2,969 | -7.5 |
| O/M – Labor | | 134,650 | | 140,864 | 4.6 |
| O/M – Materials & Other | | 87,062 | | 83,596 | -4.0 |
| O/M – Contracts | | 55,964 | | 60,533 | 8.2 |
| EBC Maintenance | | 50,728 | | 55,829 | 10.1 |
| Insurance | | 89,081 | | 62,611 | -29.7 |
| PILOT | | 30,299 | | 32,194 | 6.3 |
| Compensated Absences | | 4,475 | | 1 | -100.0 |
| Bad Debt Tenant's Rent | | 2,958 | | 3,555 | 20.2 |
| Depreciation | **** | 249,396 | | 253,230 | 1.5 |
| Total Operating Expenses | ****** | 1,019,813 | | 1,028,500 | 0.9 |
| Operating Income (Loss) | | (334,576) | | (306,990) | -8.3 |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest Income | | 5,946 | | 3,911 | -34.2 |
| Other Revenue | | 1,762 | | 46,357 | 2,530.9 |
| Extraordinary Maintenance | | (18,188) | | (14,290) | -21.4 |
| Casualty Loss Non Capitalized | | (3,161) | | (28,927) | 815.1 |
| Total Nonoperating Revenues (Expenses) | | (13,641) | **** | 7,051 | 151.7 |
| Capital Contributions | | 285,481 | | 214,126 | -25.0 |
| Change in Net Position | | (62,736) | | (85,813) | -36.8 |
| Total Net Position - Beginning | | 3,146,572 | | 3,083,836 | -2.0 |
| Total Net Position - Ending | \$ | 3,083,836 | \$ | 2,998,023 | -2.8 |

[•] Total operating revenues increased by \$36,273 or 5.3%. The reason for this increase is an increase in rental revenue in the amount of \$19,360.

[•] Operating expenses increased by \$8,687 or 0.9%, whereas non-operating expenses increased by \$21,868 or 102.4%.

Management's Discussion and Analysis (MD&A) September 30, 2013

Capital Assets

As of September 30, 2013, the Authority's investment in capital assets was \$2,352,657 (net of accumulated depreciation). This investment included land, building, building improvements, dwelling equipment, and maintenance equipment.

Capital Assets at Year-End

| | 2012 | 2013 |
|----------------------------|--------------|-------------|
| Land * | \$ 680,738 | 680,738 |
| Buildings & Improvements | 5,491,833 | 5,779,800 |
| Furniture & Equipment | 288,236 | 288,236 |
| Construction in Progress * | 448,763 | 375,186 |
| Accumulated Depreciation | (4,518,073) | (4,771,303) |
| Total | \$ 2,391,497 | 2,352,657 |

^{*} Land in the amount of \$680,738 and Construction in Progress in the amount of \$375,186 are not being depreciated.

Long Term Debt

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

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 2014 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:

Housing Authority of the Town of Jonesboro 839 Harvey Place Jonesboro, LA 71251

Basic Financial Statements

Housing Authority of the Town of Jonesboro, Louisiana Statement of Net Position September 30, 2013

| Cash \$ 86,397 Investments 600,000 Receivables (Net of Allowance) 4,409 Prepaid Insurance 22,174 Restricted: 14,880 Cash – Tenant's Security Deposits 14,880 TOTAL CURRENT ASSETS 727,860 Non-Current Assets 2,352,657 TOTAL Non-Current Assets 2,352,657 |
|---|
| Receivables (Net of Allowance) Prepaid Insurance Restricted: Cash – Tenant's Security Deposits TOTAL CURRENT ASSETS Non-Current Assets Capital Assets (Net of Accumulated Depreciation) 2,352,657 |
| Prepaid Insurance 22,174 Restricted: Cash - Tenant's Security Deposits 14,880 TOTAL CURRENT ASSETS 727,860 Non-Current Assets Capital Assets (Net of Accumulated Depreciation) 2,352,657 |
| Restricted: Cash - Tenant's Security Deposits 14,880 TOTAL CURRENT ASSETS 727,860 Non-Current Assets Capital Assets (Net of Accumulated Depreciation) 2,352,657 |
| Cash – Tenant's Security Deposits 14,880 TOTAL CURRENT ASSETS 727,860 Non-Current Assets Capital Assets (Net of Accumulated Depreciation) 2,352,657 |
| TOTAL CURRENT ASSETS Non-Current Assets Capital Assets (Net of Accumulated Depreciation) 2,352,657 |
| TOTAL CURRENT ASSETS Non-Current Assets Capital Assets (Net of Accumulated Depreciation) 2,352,657 |
| Capital Assets (Net of Accumulated Depreciation) 2,352,657 |
| Capital Assets (Net of Accumulated Depreciation) 2,352,657 |
| |
| |
| *************************************** |
| |
| TOTAL ASSETS 3,080,517 |
| |
| CURRENT LIABILITIES |
| Accounts Payable 2,271 |
| Accrued Wages/Payroll Taxes Payable 9,013 |
| Accrued PILOT 29,083 |
| Accrued Compensated Absences 12,109 |
| TOTAL CURRENT LIABILITIES 52,476 |
| 40 |
| LIABILITIES PAYABLE FROM RESTRICTED ASSETS |
| Tenant Security Deposits 14,880 |
| TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS 14,880 |
| |
| Non-Current Liabilities |
| Accrued Compensated Absences 15,138 |
| TOTAL NON-CURRENT LIABILITIES 15,138 |
| • • • • • • • • • • • • • • • • • • • |
| TOTAL LIABILITIES 82,494 |
| |
| NET POSITION |
| Invested in Capital Assets, Net of Related Debt 2,352,657 |
| Unrestricted 645,366 |
| TOTAL NET POSITION \$ 2,998,023 |

The accompanying notes are an integral part of this statement.

Housing Authority of the Town of Jonesboro, Louisiana Statement of Revenues, Expenses & Changes in Net Position Year Ended September 30, 2013

| OPERATING REVENUES | |
|--|-----------|
| Rental Revenue | 338,681 |
| Other Tenant Revenue | 14,536 |
| HUD Operating Grants | 368,293 |
| TOTAL OPERATING REVENUES | 721,510 |
| | |
| OPERATING EXPENSES | |
| Administration: | |
| Administrative Salaries | 187,812 |
| EBC-Administrative | 70,988 |
| Other Operating - Administrative | 56,765 |
| Cost of Sales & Service: | |
| Tenant Services – Other | 3,775 |
| Water | 1,690 |
| Electricity | 12,088 |
| Gas | 2,969 |
| O/M – Labor | 140,864 |
| O/M – Materials & Other | 83,596 |
| O/M – Contracts | 60,533 |
| EBC Maintenance | 55,829 |
| Insurance | 62,611 |
| PILOT | 32,195 |
| Bad Debt Tenant's Rent | 3,555 |
| Depreciation | 253,230 |
| TOTAL OPERATING EXPENSES | 1,028,500 |
| | |
| OPERATING INCOME (LOSS) | (306,990) |
| Nonoperating Revenues (Expenses) | |
| Interest Income | 3,911 |
| Other Revenue | 46,357 |
| Extraordinary Maintenance | (14,290) |
| Casualty Loss Non Capitalized | (28,927) |
| Total Nonoperating Revenues (Expenses) | 7,051 |
| TOTAL NONOFERATING NEVENUES (EAFENSES) | 7,031 |
| Capital Contributions | 214,126 |
| CHANGE IN NET POSITION | (85,813) |
| TOTAL NET POSITION – BEGINNING | 3,083,836 |
| TOTAL NET POSITION - ENDING \$ | |

The accompanying notes are an integral part of this statement.

Housing Authority of the Town of Jonesboro, Louisiana Statement of Cash Flows Year Ended September 30, 2013

| Cash Flows From Operating Activities Cash Received From Tenants Cash Received From Government Operating Subsidy Cash Payments to Suppliers for Goods & Services Cash Payments to Employees for Services Net Cash Provided (Used) by Operating Activities | \$ | 351,841 368,293 (431,293) (327,511) (38,670) |
|--|------|--|
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | (38,070) |
| CASH FLOWS FROM NONCAPITAL ACTIVITIES | | |
| Other Revenue | | 46,357 |
| Extraordinary Maintenance | | (14,290) |
| Casualty Loss Non Capitalized | | (28,927) |
| NET CASH PROVIDED (USED) BY NONCAPITAL ACTIVITIES | | 3,140 |
| | | |
| CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES | | |
| Subsidy From Capital Grants | | 214,126 |
| Acquisition of Capital Assets | | (214,126) |
| NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES | | -0- |
| | | |
| Cash Flows From Investing Activities | | 2.011 |
| Cash Provided by Interest From Investments | | 3,911 |
| Decrease in Investments | | 50,000 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | **** | 53,911 |
| NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS | | 18,381 |
| CASH, BEGINNING OF YEAR | | 82,896 |
| CASH, END OF YEAR | | 101,277 |
| | | 101,017 |
| RECONCILIATION TO BALANCE SHEET | | |
| Cash and Cash Equivalents | | 86,397 |
| Tenants' Security Deposits | | 14,880 |
| TOTAL CASH & CASH EQUIVALENTS | \$ | 101,277 |

Housing Authority of the Town of Jonesboro, Louisiana Statement of Cash Flows Year Ended September 30, 2013

Reconciliation

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

| Operating Income (Loss) | \$ | (306,990) |
|---|----------|-----------|
| Depreciation Expense | | 253,230 |
| (Increase) Decrease in Accounts Receivable | | (1,776) |
| (Increase) Decrease in Prepaid Insurance | | 14,510 |
| Increase (Decrease) in Accounts Payable | | 2,271 |
| Increase (Decrease) in PILOT | | (1,216) |
| Increase (Decrease) in Wages/Payroll Taxes Payable | | 4,915 |
| Increase (Decrease) in Compensated Absences | | (4,014) |
| Increase (Decrease) in Tenant Security Deposits | | 400 |
| TOTAL ADJUSTMENTS | | 268,320 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$_ | (38,670) |
| LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES | A | |
| Contributions of Capital Assets From Government | \$_ | -0- |

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2013

INTRODUCTION

The Housing Authority of the Town of Jonesboro is an apartment complex for persons of low income located in Jonesboro, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Jonesboro, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Jonesboro, Louisiana. Each member serves a four-year term. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Jonesboro because the Town of Jonesboro appoints a voting majority of the Housing Authority's governing board. The Town of Jonesboro is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Jonesboro. According, the Housing Authority is not a component unit of the financial reporting entity of the Town of Jonesboro.

1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. BASIC FINANCIAL STATEMENTS

The basic financial statements (i.e., the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position) report information on all of the activities of the Authority.

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED) SEPTEMBER 30, 2013

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The basic financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accompanying financial statements include the activities of several housing programs subsidized by HUD. A summary of each significant program is provided below.

- Low Income Housing Program The purpose of the low income housing program is to provide decent and affordable housing to low income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments are acquired, developed and modernized under HUD's capital funds programs. Funding of the program operations is provided via federal annual contribution contracts (operating subsidies) and tenant rents (determined as a percentage of family income, adjusted for family composition).
- 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.

As a general rule, the effect of Interfund activity has been eliminated from the basic financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the Housing Authority is derived from tenant revenues and operating grants. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Notes to the Basic Financial Statements - (Continued) September 30, 2013

Impact of Recently Issued Accounting Principles

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. GASBS No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 62 does not have any impact on the Authority's financial statements.

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 63 does not have any impact on the Authority's financial statements.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

C. Deposits & Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Authority's investment policy allow the Housing Authority to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the Authority are reported at fair value.

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED) SEPTEMBER 30, 2013

D. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectables.

E. Inventories & Prepaid Items

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both basic and fund financial statements.

F. CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, and equipment, are reported in columns in the basic financial statements. Capital assets are capitalized at historical cost. The PHA maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings20 YearsBuildings Improvements10 YearsNondwelling Structures10 YearsVehicles5 Years

Notes to the Basic Financial Statements - (Continued) September 30, 2013

G. COMPENSATED ABSENCES

The Authority follows the civil service guidelines for vacation and sick leave. Employee's time is accumulated in accordance to hours worked per month. At year-end, time not used is accumulated.

At September 30, 2013, employees of the PHA had accumulated and vested \$27,247 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at September 30, 2013, was \$12,109 recorded as current obligation and \$15,138 recorded as non-current obligation.

H. EXTRAORDINARY & SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Housing Authority, which are either unusual in nature or infrequent in occurrence.

I. ESTIMATES

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

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At September 30, 2013, the Housing Authority had cash and investments (bank balances) totaling \$725,575 as follows:

| Description | | Jackson | | Jonesboro | | Sabine | | | | |
|-------------------------|----|----------------|-----|---------------|-----|---------------|-----|---------------|-----|---------|
| | _ | Parish Bank | | State Bank | | Hodge Bank | | State Bank | | Total |
| Demand Deposits | \$ | 125,575 | \$ | -0- | \$ | -0- | \$ | -0- | \$ | 125,575 |
| Time Deposits | | 300,000 | | 100,000 | | 100,000 | | 100,000 | | 600,000 |
| Total Securities | \$ | 425,575 | \$_ | 100,000 | \$_ | 100,000 | \$_ | 100,000 | \$_ | 725,575 |

These deposits are stated at cost, which approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED) SEPTEMBER 30, 2013

Deposits

It is the housing authority's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The housing authority's deposits are categorized to give an indication of the level of risk assumed by the housing authority at year end. The categories are described as follows:

- Category I Insured or collateralized with securities held by the housing authority or by its agent in the housing authority's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the housing authority's name.
- Category 3 Uncollateralized.

Amounts on deposit are secured by the following pledges:

| Description | | Jackson Parish Bank | • | Jonesboro State Bank | | Hodge Bank | | Sabine State Bank | | Total |
|-------------------------|-----|---------------------------|-----|----------------------------|-----|---------------|-----|-------------------------|-----|---------|
| FDIC (Category 1) | \$ | 375,575 | \$ | 100,000 | \$ | 100,000 | \$ | 100,000 | \$ | 675,575 |
| Securities (Category 2) | | 202,602 | | -0- | | -0- | | -0- | | 202,602 |
| Total Securities | \$_ | 578,177 | \$_ | 100,000 | \$_ | 100,000 | \$_ | 100,000 | \$_ | 878,177 |

All deposits were fully secured as of September 30, 2013.

3. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2013, was as follows:

| Capital Assets | | Beginning Balance | Additions | | Deletions | | Ending Balance |
|---|------|----------------------|---------------|-----|-----------|-----|-------------------|
| Land * | \$ | 680,738 | \$ -0- | \$ | -0- | \$ | 680,738 |
| Building & Improvements | | 5,491,833 | 287,967 | | -0- | | 5,779,800 |
| Furniture & Equipment | | 288,236 | -0- | | -0- | | 288,236 |
| Construction in Progress * | _ | 448,763 | 214,126 | | (287,703) | | 375,186 |
| Total Capital Assets | | 6,909,570 | 502,093 | | (287,703) | | 7,123,960 |
| Less Accumulated Depreciation | | (4,518,073) | (253,230) | - | -0- | | (4,771,303) |
| Capital Assets, Net of Accumulated Depreciation | \$ _ | 2,391,497 | \$ 248,863 | \$_ | (287,703) | \$_ | 2,352,657 |

^{*} Land in the amount of \$680,738 and Construction in Progress in the amount of \$375,186 are not being depreciated.

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED) SEPTEMBER 30, 2013

4. CHANGES IN COMPENSATED ABSENCES PAYABLES

The following is a summary of changes in compensated absences payable at September 30, 2013:

| | Current | Noncurrent | Total |
|-------------------------|--------------|--------------|--------------|
| Beginning of year | \$ 11,893 | \$ 19,368 | \$ 31,261 |
| Additions/(Retirements) | 216 | (4,230) | (4,014) |
| End of year | \$ 12,109 | \$ 15,138 | \$ 27,247 |

5. BOARD OF COMMISSIONERS

| Name | Title |
|---------------|--------------|
| Mark Treadway | Chairman |
| Notie Belton | Commissioner |
| Artez Jones | Commissioner |
| Robert Hunter | Commissioner |
| Linda Osborne | Commissioner |

The board members of the Housing Authority received no compensation for their services.

6. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$582,419 to the Housing Authority, which represents approximately 59% of the Housing Authority's revenues for the year.

7. <u>CONTINGENT LIABILITIES & SUBSEQUENT EVENTS</u>

At September 30, 2013, the Housing Authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the Housing Authority in the current and prior years. These examinations may result in required refunds by the Housing Authority to federal grantors and/or program beneficiaries.

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED) SEPTEMBER 30, 2013

8. PENSION PLAN

The Housing 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 Housing Authority vest after five years of full time employment. An employee who waives 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. Each employee may contribute any percentage of his or her base annual salary to the pension plan. The PHA is required to contribute an amount equal to 8% of the employee's base salary.

The Housing Authority's total covered payroll for the year ended September 30, 2013, was \$328,676

The Housing Authority's contribution for the year ended September 30, 2013, was \$26,294, and the employees' contribution for the year was \$38,189.

Supplementary Information

Schedule of Expenditures of Federal Awards by Grant For the Year Ended September 30, 2013

| Federal Grantor/Pass-Through Grantor/Program Or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | | Federal Expenditures (\$) |
|---|------------------------|--|-----|---------------------------------|
| CFP Cluster -Cluster | | | | |
| Department of Housing and Urban Development Direct Programs | | | | |
| Public Housing Capital Fund | 14.872 | | \$ | 261,487 |
| Total Public Housing Capital Fund | | | * - | 261,487 |
| ARRA-Public Housing Capital Fund Stimulus | 14.885 | | | -0- |
| (Formula) Recovery Act Funded | | | _ | |
| Total Public Housing Capital Fund Stimulus | | | | -0- |
| Total Department of Housing and Urban Development | | | | 044 405 |
| Direct Programs | | | _ | 261,487 |
| Total Department of Housing and Urban Development | | | _ | 261,487 |
| Total CFP Cluster-Cluster | | | _ | 261,487 |
| Other Programs | | | | |
| Department of Housing and Urban Development | | | | |
| Direct Programs | 14.950 | | | 220.022 |
| Public and Indian Housing | 14.850 | | _ | 320,932 |
| Total Public and Indian Housing Total Department of Housing and Urban Development | | | - | 320,932 |
| Direct Programs | | | | 320,932 |
| Total Department of Housing and Urban Development | | | | 320,932 |
| Total Other Programs | | | - | 320,932 |
| Total Expenditures of Federal Awards | | | \$ | 582,419 |

HOUSING AUTHORITY OF THE TOWN OF JONESBORO, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended September 30, 2013

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A – Single Audit Requirements

In July 1996, the Single Audit Act Amendments of 1996 (1996 Act) were enacted and superseded the Single Audit Act of 1984. In June 1997 OMB issued a revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, to implement the changes from the 1996 Act and to rescind Circular A-128. The new requirements state that an entity expending \$500,000 or more of federal funds adhere to the requirements of Single Audit.

The funds used to account for these funds use the accrual basis of accounting.

1.) General

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

2.) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's basic financial statements.

3.) Relationship To Basic Financial Statements

Federal award revenues are reported in the Housing Authority's basic financial statements as follows:

| General: | |
|-----------------------------|---------------|
| Operating Subsidy | \$ 320,932 |
| Capital Fund | 261,487 |
| Capital Fund Stimulus Grant | -0- |
| Total | \$ 582,419 |

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with U.S. generally accepted accounting principles.

4.) Federal Awards

In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's operating income from rents or investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

Presented for purposes of additional analysis only.

Housing Authority of the Town of Jonesboro, Louisiana

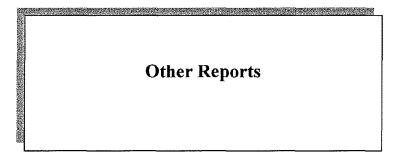
Statement & Certification of Actual Modernization Cost Annual Contribution Contract September 30, 2013

| The Actual Modernization Costs are as follows: | P1 20 | CFP Project 2010-501 | | CFP Project 2011-501 | | CFP Project 2012-501 | ı | Total |
|---|-------|----------------------------|-----------------|----------------------------|--------------|----------------------------|--------------|-----------|
| Funds Approved Total | € | 285,007 | 5∕ 9 | 236,806 | € | 218,153 | ↔ | 739,966 |
| Funds Expended Y-T-D | 7) | (285,007) | ! | (194,541) | | -0- | s | (479,548) |
| Excess of Funds Approved | | -0- | **** | 42,265 | 1 | 218,153 | * | 260,418 |
| Funds Advanced Y-T-D | | 285,007 | | 194,541 | | -0- | | 479,548 |
| Funds Expended Y-T-D | 9 | (285,007) | 1 | (194,541) | | -0- | • | (479,548) |
| Excess of Funds Advanced | €9 | -0- | ↔ | \$ -0- | 6∕9 | -0- | ∽ | -0- |

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3. The distribution of costs by project as shown on the final schedule of Capital Fund expenditures accompanying the actual Capital Fund cost certificate submitted to HUD for approval is in agreement with the PHA's records.

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



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American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Housing Authority of the Town of Jonesboro, Louisiana

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Housing Authority of the Town of Jonesboro, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Jonesboro's basic financial statements, and have issued our report thereon dated January 31, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Town of Jonesboro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Jonesboro's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Jonesboro's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

January 31, 2014 Jena, Louisiana John R. Vercher C.P.A. jrv@centurytel.net

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Society of Louisiana Certified Public Accountants

Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By OMB Circular A-133

Housing Authority of the Town of Jonesboro Jonesboro, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Town of Jonesboro's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the Town of Jonesboro's major federal programs for the year ended September 30, 2013. The Housing Authority of the Town of Jonesboro's major federal programs is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the Town of Jonesboro's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the Town of Jonesboro's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Town of Jonesboro, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the Housing Authority of the Town of Jonesboro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the Town of Jonesboro's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Jonesboro's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Legislator Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

January 31, 2014 Jena, Louisiana

HOUSING AUTHORITY OF THE TOWN OF JONESBORO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST For the Year Ended September 30, 2013

We have audited the basic financial statements of the Housing Authority of the Town of Jonesboro, as of and for the year ended September 30, 2013, and have issued our report thereon dated January 31, 2014. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2013, resulted in an unmodified opinion.

| Se | ection I Summary of Auditor's | Results | | | |
|----|---|--|--|--|--|
| a. | | | | | |
| | Internal Control Material Weaknesses | Yes ⊠ No Other Conditions ☐ Yes ⊠ No | | | |
| | Compliance Compliance Material to Fina | ncial Statements | | | |
|). | Federal Awards | | | | |
| | Internal Control Material Weaknesses | Yes ⊠ No Other Conditions □ Yes ⊠ No | | | |
| | Type of Opinion On Complian For Major Programs | ce 🗵 Unmodified 🔲 Modified 🗍 Disclaimer 🔲 Adverse | | | |
| | Are the findings required to be | reported in accordance with Circular A-133, Section .510(a)? | | | |
| | | ☐ Yes No | | | |
| :. | Identification Of Major Prog | rams: | | | |
| CF | FDA Number (s) | Name Of Federal Program (or Cluster) | | | |
| | .850 | Public & Indian Housing | | | |

HOUSING AUTHORITY OF THE TOWN OF JONESBORO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST For the Year Ended September 30, 2013

| Section II - Financial Statement Findings | |
|---|--|
| No items to report. | |
| Section III – Federal Awards Findings and Questioned Costs. | |
| No items to report. | |

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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Housing Authority's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year management letter comments.

HOUSING AUTHORITY OF THE TOWN OF JONESBORO, LOUISIANA

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor State of Louisiana Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Jonesboro has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended September 30, 2012.

PRIOR YEAR FINDINGS

No items to report.

Financial Data Schedule

Jonesboro, LA Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

| | *************************************** | | | |
|--|--|--|--|-----------|
| | Project Total | Subtotal | ELIM | Total |
| 111 Cash - Unrestricted | \$86,397 | \$86,397 | | \$86,397 |
| 112 Cash - Restricted - Modernization and Development | | | | |
| 113 Cash - Other Restricted | The state of the s | | | |
| 114 Cash - Tenant Security Deposits | \$14,880 | \$14,880 | | \$14,880 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | |
| 100 Total Cash | \$101,277 | \$101,277 | | \$101,277 |
| | *************************************** | | | |
| 121 Accounts Receivable - PHA Projects | | | | |
| 122 Accounts Receivable - HUD Other Projects | | | | |
| 124 Accounts Receivable - Other Government | | | | |
| 125 Accounts Receivable - Miscellaneous | | | A STATE OF THE STA | |
| 126 Accounts Receivable - Tenants | \$4,410 | \$4,410 | | \$4,410 |
| 126.1 Allowance for Doubtful Accounts -Tenants | -8-1 | -81 | | -\$1 |
| 126.2 Allowance for Doubtful Accounts - Other | | 777777777777777777777777777777777777777 | | |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | |
| 128 Fraud Recovery | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | |
| 129 Accrued Interest Receivable | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$4,409 | \$4,409 | | \$4,409 |
| | | TOTAL | | |
| 131 Investments - Unrestricted | \$600,000 | \$600,000 | | \$600,000 |
| 132 Investments - Restricted | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | The state of the s | | |
| 142 Prepaid Expenses and Other Assets | \$22,174 | \$22,174 | | \$22,174 |
| 143 Inventories | | | | |
| | THE RESERVE THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN THE PERSON NAMED IN THE PERSON NAMED I | | | |

Housing Authority of the Town of Jonesboro (LA061) Jonesboro, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

| | Project Total | Subtotal | ELIM | Total |
|---|---|---|------|--------------|
| 143.1 Allowance for Obsolete Inventories | | | | |
| 144 Inter Program Due From | | | | |
| 145 Assets Held for Sale | | | | |
| 150 Total Current Assets | \$727,860 | \$727,860 | | \$727,860 |
| | | | | |
| 161 Land | \$680,738 | \$680,738 | | \$680,738 |
| 162 Buildings | \$5,779,800 | \$5,779,800 | | \$5,779,800 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$55,578 | \$55,578 | | \$55,578 |
| 164 Furniture, Equipment & Machinery - Administration | \$232,658 | \$232,658 | | \$232,658 |
| 165 Leasehold Improvements | | | | |
| 166 Accumulated Depreciation | -\$4,771,303 | -\$4,771,303 | | -\$4,771,303 |
| 167 Construction in Progress | \$375,186 | \$375,186 | | \$375,186 |
| 168 Infrastructure | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$2,352,657 | \$2,352,657 | | \$2,352,657 |
| | | | | |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past | | | | |
| 173 Grants Receivable - Non Current | | | | |
| 174 Other Assets | TOTAL CONTRACT OF THE PARTY OF | | | |
| 176 Investments in Joint Ventures | | | | |
| 180 Total Non-Current Assets | \$2,352,657 | \$2,352,657 | | \$2,352,657 |
| | | | | |
| 190 Total Assets | \$3,080,517 | \$3,080,517 | | \$3,080,517 |
| | | *************************************** | | |
| 311 Bank Overdraft | | | | |
| 312 Accounts Payable <= 90 Days | \$2,271 | \$2,271 | | \$2,271 |
| | | | | _ |

Jonesboro, LA Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

| | Project Total | Subtotal | ELIM | Total |
|--|---------------|--|--|--|
| 313 Accounts Payable >90 Days Past Due | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | \$9,013 | \$9,013 | | \$9,013 |
| 322 Accrued Compensated Absences - Current Portion | \$12,109 | \$12,109 | | \$12,109 |
| 324 Accrued Contingency Liability | | | | |
| 325 Accrued Interest Payable | | | | |
| 331 Accounts Payable - HUD PHA Programs | | *************************************** | | |
| 332 Account Payable - PHA Projects | | | And the second s | |
| 333 Accounts Payable - Other Government | \$29,083 | \$29,083 | | \$29,083 |
| 341 Tenant Security Deposits | \$14,880 | \$14,880 | | \$14,880 |
| 342 Deferred Revenues | | | | |
| 343 Current Portion of Long-term Debt - Capital | | The second secon | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | AND THE RESIDENCE AND THE PROPERTY OF THE PROP | | |
| 345 Other Current Liabilities | | A to be developed to the state of the state | The state of the s | |
| 346 Accrued Liabilities - Other | | | The state of the s | |
| 347 Inter Program - Due To | | | TO THE | |
| 348 Loan Liability - Current | | | | |
| 310 Total Current Liabilities | \$67,356 | \$67,356 | *************************************** | \$67,356 |
| T TO CONTINUE CONTINU | | | | A CONTRACTOR OF THE CONTRACTOR |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | |
| 353 Non-current Liabilities - Other | | | | |
| 354 Accrued Compensated Absences - Non Current | \$15,138 | \$15,138 | | \$15,138 |
| 355 Loan Liability - Non Current | | The state of the s | AND THE REAL PROPERTY OF THE P | |
| 356 FASB 5 Liabilities | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | |
| 350 Total Non-Current Liabilities | \$15,138 | \$15,138 | | \$15,138 |

Jonesboro, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

| | Project Total | Subtotal | ELIM | Total |
|---|---------------|-------------|------|--|
| | 1000 | | | |
| 300 Total Liabilities | \$82,494 | \$82,494 | | \$82,494 |
| | | | | |
| 508.1 Invested In Capital Assets, Net of Related Debt | \$2,352,657 | \$2,352,657 | | \$2,352,657 |
| 511.1 Restricted Net Assets | | | | The state of the s |
| 512.1 Unrestricted Net Assets | \$645,366 | \$645,366 | | \$645,366 |
| 513 Total Equity/Net Assets | \$2,998,023 | \$2,998,023 | | \$2,998,023 |
| | | | | |
| 600 Total Liabilities and Equity/Net Assets | \$3,080,517 | \$3,080,517 | | \$3,080,517 |
| | | | | |

Housing Authority of the Town of Jonesboro (LA061) Jonesboro, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

| 70300 Net Tenant Rental Revenue \$338,68 70400 Tenant Revenue \$14,536 70500 Total Tenant Revenue \$353,21 70600 HUD PHA Operating Grants \$368,29 70610 Capital Grants \$274,12 | \$338,681 \$14,536 \$353,217 \$368,293 \$214,126 | \$338,681 \$14,536 \$353,217 \$368,293 \$214,126 | \$0 | \$338,681 \$14,536 \$353,217 \$368,293 \$214,126 |
|--|--|--|---|--|
| nue | \$338,681 \$14,536 \$353,217 \$368,293 \$214,126 | \$338,681 \$14,536 \$353,217 \$368,293 \$214,126 | 0\$ | \$338,681 \$14,536 \$353,217 \$368,293 \$214,126 |
| ants | \$14,536 \$353,217 \$368,293 \$214,126 | \$14,536 \$353,217 \$368,293 \$214,126 | 0\$ | \$353,217 \$353,217 \$368,293 \$214,126 |
| irants | \$353,217 \$368,293 \$214,126 | \$353,217 \$368,293 \$214,126 | 0\$ | \$353,217 \$368,293 \$214,126 |
| rating Grants | \$368,293 | \$368,293 | | \$368,293 |
| rating Grants | \$368,293 | \$214,126 | | \$268,293 |
| | \$214,126 | \$214,126 | | \$214,126 |
| | | | | |
| 70710 Management Fee | | | | |
| 70720 Asset Management Fee | | | | |
| 70730 Book Keeping Fee | | | | |
| 70740 Front Line Service Fee | | | *************************************** | |
| 70750 Other Fees | | | | |
| 70700 Total Fee Revenue | | \$0 | \$0 | \$0 |
| | | | | |
| 70800 Other Government Grants | | | | |
| 71100 Investment Income - Unrestricted \$3,911 | \$3,911 | \$3,911 | | \$3,911 |
| 71200 Mortgage Interest Income | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | |
| 71310 Cost of Sale of Assets | *************************************** | | | |
| 71400 Fraud Recovery | | | | |
| 71500 Other Revenue \$46,357 | \$46,357 | \$46,357 | | \$46,357 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | |
| 72000 Investment Income - Restricted | | | | |
| 70000 Total Revenue \$985,90 | \$985,904 | \$985,904 | \$0 | \$985,904 |
| | | | | |
| 91100 Administrative Salaries \$187,81 | \$187,812 | \$187,812 | | \$187,812 |

Housing Authority of the Town of Jonesboro (LA061) Jonesboro, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

| | Project Total | Subtotal | ELIM | Total |
|--|--|--|------|-----------|
| 91200 Auditing Fees | \$10,100 | \$10,100 | | \$10,100 |
| 91300 Management Fee | | | | |
| 91310 Book-keeping Fee | | | | |
| 91400 Advertising and Marketing | | | | |
| 91500 Employee Benefit contributions - Administrative | \$70,988 | \$70,988 | | \$70,988 |
| 91600 Office Expenses | \$23,695 | \$23,695 | | \$23,695 |
| 91700 Legal Expense | \$436 | \$436 | | \$436 |
| 91800 Travel | \$290 | \$290 | | \$290 |
| 91810 Allocated Overhead | | | | |
| 91900 Other | \$22,244 | \$22,244 | | \$22,244 |
| 91000 Total Operating - Administrative | \$315,565 | \$315,565 | \$0 | \$315,565 |
| | TO THE | | | |
| 92000 Asset Management Fee | | The state of the s | | |
| 92100 Tenant Services - Salaries | | | | |
| 92200 Relocation Costs | | Treewood and the contract of t | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | |
| 92400 Tenant Services - Other | \$3,775 | \$3,775 | | \$3,775 |
| 92500 Total Tenant Services | \$3,775 | \$3,775 | \$0 | \$3,775 |
| | | | | |
| 93100 Water | \$1,690 | \$1,690 | | \$1,690 |
| 93200 Electricity | \$12,088 | \$12,088 | | \$12,088 |
| 93300 Gas | \$2,969 | \$2,969 | | \$2,969 |
| 93400 Fuel | | The same of the sa | | |
| 93500 Labor | | | | |
| 93600 Sewer | | | | |
| 93700 Employee Benefit Contributions - Utilities | | | | |

Jonesboro, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

| | Project Total | Subtotal | ELIM | Total |
|---|---------------|-----------|--|--|
| | | | | |
| 93800 Other Utilities Expense | | | | |
| 93000 Total Utilities | \$16,747 | \$16,747 | \$0 | \$16,747 |
| 1 | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | \$140,864 | \$140,864 | | \$140,864 |
| | \$83,596 | \$83,596 | | \$83,596 |
| 94300 Ordinary Maintenance and Operations Contracts | \$60,533 | \$60,533 | | \$60,533 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$55,829 | \$55,829 | | \$55,829 |
| 94000 Total Maintenance | \$340,822 | \$340,822 | \$0 | \$340,822 |
| | | | | |
| 95100 Protective Services - Labor | | | | |
| 95200 Protective Services - Other Contract Costs | | | | |
| 95300 Protective Services - Other | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | |
| 95000 Total Protective Services | \$0 | \$0 | 80 | \$0 |
| | | | | |
| 96110 Property Insurance | \$45,794 | \$45,794 | | \$45,794 |
| 96120 Liability Insurance | \$7,504 | \$7,504 | , | \$7,504 |
| 96130 Workmen's Compensation | | | | |
| 96140 All Other Insurance | \$9,313 | \$9,313 | | \$9,313 |
| 96100 Total insurance Premiums | \$62,611 | \$62,611 | 80 | \$62,611 |
| | | | | |
| 96200 Other General Expenses | | | | |
| 96210 Compensated Absences | \$1 | \$1 | The state of the s | \$1 |
| 96300 Payments in Lieu of Taxes | \$32,194 | \$32,194 | | \$32,194 |
| 96400 Bad debt - Tenant Rents | \$3,555 | \$3,555 | | \$3,555 |
| 96500 Bad debt - Mortgages | | | | Management 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 |

Housing Authority of the Town of Jonesboro (LA061) Jonesboro, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

| | Project Total | Subtotal | ELÍM | Total |
|---|---------------|--|---|--|
| 96600 Bad debt - Other | | | | |
| 96800 Severance Expense | | | | |
| 96000 Total Other General Expenses | \$35,750 | \$35,750 | \$0 | \$35,750 |
| | | | | |
| 96710 Interest of Mortgage (or Bonds) Payable | | | , | THE PROPERTY OF THE PROPERTY O |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | |
| 96730 Amortization of Bond Issue Costs | | *************************************** | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 |
| | | | | |
| 96900 Total Operating Expenses | \$775,270 | \$775,270 | \$0 | \$775,270 |
| | | | | |
| 97000 Excess of Operating Revenue over Operating Expenses | \$210,634 | \$210,634 | \$0 | \$210,634 |
| | | | | |
| 97100 Extraordinary Maintenance | \$14,290 | \$14,290 | V-1 | \$14,290 |
| 97200 Casualty Losses - Non-capitalized | \$28,927 | \$28,927 | or a state of the property of | \$28,927 |
| 97300 Housing Assistance Payments | | ANALYSI (ANALYSI ANALYSI Analy | | |
| 97350 HAP Portability-In | | | | |
| 97400 Depreciation Expense | \$253,230 | \$253,230 | | \$253,230 |
| 97500 Fraud Losses | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | |
| 97800 Dwelling Units Rent Expense | | | | |
| 90000 Total Expenses | \$1,071,717 | \$1,071,717 | \$0 | \$1,071,717 |
| | | | | |
| 10010 Operating Transfer In | \$47,361 | \$47,361 | -\$47,361 | \$0 |
| 10020 Operating transfer Out | -\$47,361 | -\$47,361 | \$47,361 | \$0 |

Jonesboro, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

| A CONTRACTOR OF THE CONTRACTOR | | | | |
|--|--|--|--|--|
| | Project Total | Subtotal | ELIM | Total |
| 10030 Operating Transfers from/to Primary Government | | | THE REAL PROPERTY OF THE PROPE | |
| 10040 Operating Transfers from/to Component Unit | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | AND THE RESERVE OF THE PROPERTY OF THE PROPERT | | |
| 10060 Proceeds from Property Sales | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | *************************************** |
| 10093 Transfers between Program and Project - In | The state of the s | | | THE PROPERTY OF PARTY AND PROPERTY OF THE PROP |
| 10094 Transfers between Project and Program - Out | | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | 0\$ |
| | | | | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total | -\$85,813 | -\$85,813 | \$0 | -\$85,813 |
| | | | | |
| 11020 Required Annual Debt Principal Payments | 0\$ | \$0 | | 0\$ |
| 11030 Beginning Equity | \$3,083,836 | \$3,083,836 | | \$3,083,836 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction | 0\$ | \$0 | A TOTAL CONTRACTOR OF THE PARTY | \$0 |
| 11050 Changes in Compensated Absence Balance | | | | |
| 11060 Changes in Contingent Liability Balance | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | The state of the s | | | |
| 11170 Administrative Fee Equity | | | | |
| | | *************************************** | | |
| 11180 Housing Assistance Payments Equity | | | | |
| | | | | |

Jonesboro, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

| | Project Total | Subtotal | ELIM | Total |
|--|---------------|-----------|--|-----------|
| 11190 Unit Months Available | 2292 | 2292 | | 2292 |
| 11210 Number of Unit Months Leased | 2209 | 2209 | | 2209 |
| 11270 Excess Cash | \$573,725 | \$573,725 | | \$573,725 |
| 11610 Land Purchases | \$0 | \$0 | | \$0 |
| 11620 Building Purchases | \$214,126 | \$214,126 | | \$214,126 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | \$0 | | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | \$0 | | \$0 |
| 11650 Leasehold Improvements Purchases | \$0 | \$0 | | \$0 |
| 11660 Infrastructure Purchases | 0\$ | \$0 | | \$0 |
| 13510 CFFP Debt Service Payments | \$0 | \$0 | The second secon | \$0 |
| 13901 Replacement Housing Factor Funds | 0\$ | \$0 | | \$0 |