

**HOUSING AUTHORITY OF THE  
TOWN OF JONESBORO, LOUISIANA**

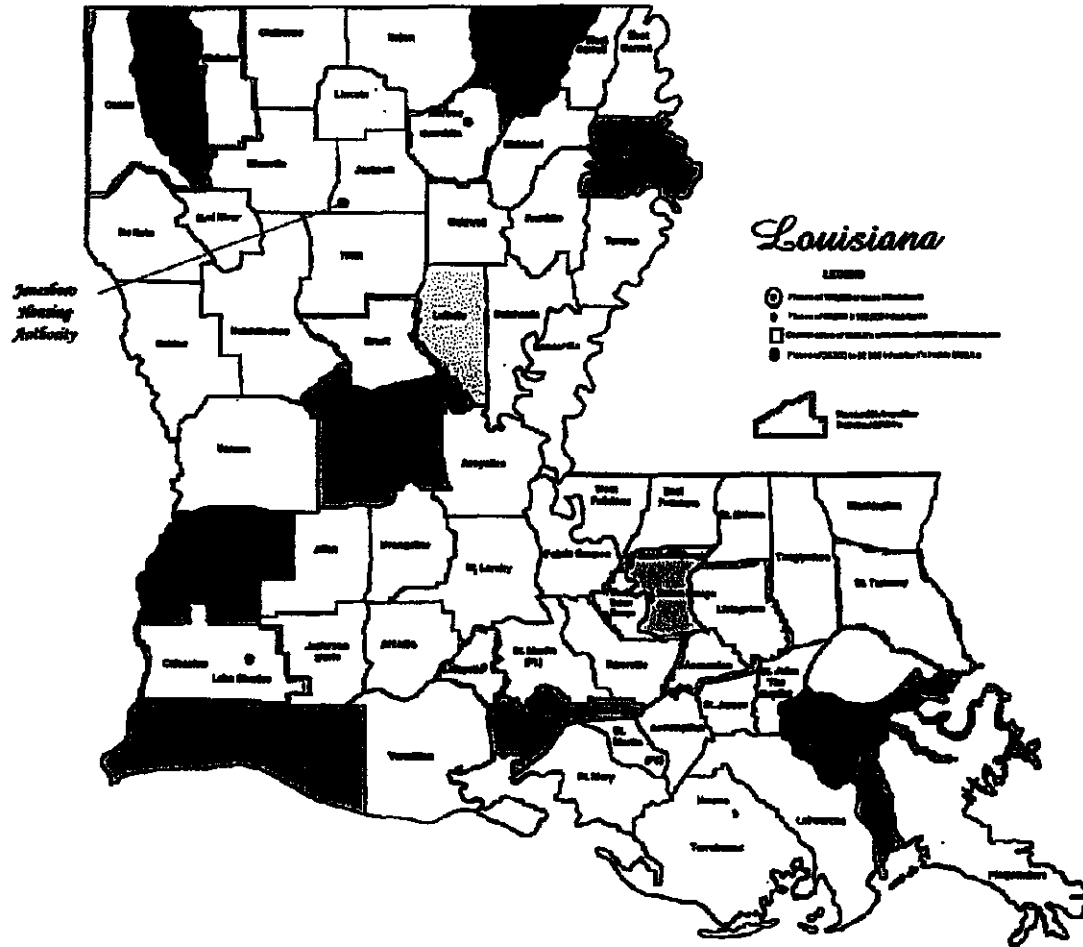
**Basic Financial Statements &  
Independent Auditor's Reports**

**September 30, 2007**

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 3/26/08

# 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.

**Housing Authority of the  
Town of Jonesboro, Louisiana**

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September 30, 2007**

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### INDEPENDENT AUDITOR'S REPORT

Housing Authority of the  
Town of Jonesboro, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of the Town of Jonesboro as of and for the year ended September 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinion.

In our opinion, the basic 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, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2008, on our consideration of the Housing Authority of the Town of Jonesboro's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by 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.

Our audit was conducted for the purpose of forming opinions on the Authority's basic financial statements taken as a whole. The accompanying Financial Data Schedule, required by HUD, supplementary schedules and statements are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The Financial Data Schedule, supplementary schedules and statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*John R. Vercher PC*

January 16, 2008

Jena, Louisiana

**Housing Authority of the  
Town of Jonesboro, Louisiana**

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT DISCUSSION  
& ANALYSIS (MD&A)**

**September 30, 2007**

**Housing Authority of the  
Town of Jonesboro, Louisiana**

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**Management's Discussion and Analysis (MD&A)  
September 30, 2007**

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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, 2007. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which are attached.

**Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,052,603 (net assets).
- As of the close of the current fiscal year, the Authority's ending unrestricted net assets was \$740,035.
- The Authority's cash balance at September 30, 2007 was \$821,917, which includes investments in the amount of \$684,722.
- The Authority had total revenue of \$666,798, while expenses totaled \$1,135,768.
- The Authority's capital outlay for the year was \$151,467.

**Overview of the Financial Statements**

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

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

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and the Capital Fund Programs. The Low Rent Program consists of 191 units. 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.

The PHA financial position has improved over the previous year due to a net profit in operations.

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.

**Housing Authority of the  
Town of Jonesboro, Louisiana**

**Management's Discussion and Analysis (MD&A)  
September 30, 2007**

The table below lists the asset and liability comparisons for the year ended September 30, 2007.

<b>Statement of Net Assets</b>			
<b>Category</b>	<b>2006</b>	<b>2007</b>	<b>% Change</b>
<b>Current Assets</b>	\$ 1,185,754	\$ 853,477	-28.0%
<b>Capital Assets-Net of Depreciation</b>	2,399,485	2,312,568	-3.6%
<b>Total Assets</b>	<u>3,585,239</u>	<u>3,166,045</u>	-11.7%
<b>Current Liabilities</b>	42,252	91,716	117.1%
<b>Non-Current Liabilities</b>	21,414	21,726	1.5%
<b>Total Liabilities</b>	<u>63,666</u>	<u>113,442</u>	78.2%
<b>Invested in Capital Assets (Net)</b>	2,399,485	2,312,568	-3.6%
<b>Unrestricted Net Assets</b>	1,122,088	740,035	-34.0%
<b>Total Net Assets</b>	<u>\$ 3,521,573</u>	<u>\$ 3,052,603</u>	-13.3%

The table below lists the revenue and expense comparisons for the year ended September 30, 2007.

<b>Statement of Revenues, Expenses and Changes in Net Assets</b>			
<b>Category</b>	<b>2006</b>	<b>2007</b>	<b>% Change</b>
<b>Operating Revenue:</b>			
<b>Tenant Revenue</b>	\$ 472,467	\$ 378,930	-19.8%
<b>HUD PHA Operating</b>	249,198	250,500	0.5%
<b>Capital Grants</b>	259,492	-0-	-100.0%
<b>Investment Income</b>	26,186	37,368	42.7%
<b>Total Operating Revenue</b>	<u>1,007,343</u>	<u>666,798</u>	-33.8%
<b>Operating Expenses:</b>			
<b>Administrative</b>	256,877	249,115	-3.0%
<b>Tenants</b>	3,139	13,461	328.8%
<b>Utilities</b>	14,457	20,261	40.1%
<b>Maintenance</b>	361,704	383,141	5.9%
<b>Taxes &amp; Insurance</b>	97,433	97,364	-0.1%
<b>Casualty Loss Not Capitalized</b>	-0-	129,584	100.0%
<b>Depreciation</b>	235,001	242,842	3.3%
<b>Total Operating Expense</b>	<u>968,611</u>	<u>1,135,768</u>	17.3%
<b>Net Operating Gain/Loss</b>	<u>38,732</u>	<u>(468,970)</u>	-1,310.8%
<b>Prior Period Adjustment</b>	<u>\$ 20,293</u>	<u>\$ -0-</u>	-100.0%



**Housing Authority of the  
Town of Jonesboro, Louisiana**

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**Management's Discussion and Analysis (MD&A)  
September 30, 2007**

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**Cash & Investments**

Cash & Investments decreased by \$334,814 as of September 30, 2007. The primary source for this change is due to a decrease in Capital Grants in the amount of \$259,492.

**Net Assets**

The Authority's unrestricted net assets decreased by \$382,053. The change was caused by a decrease in cash and investments as discussed above.

**Results of Operations**

Operating revenues of the Authority are generated principally from dwelling rent and HUD operating subsidies. The Authority's total revenue decreased by \$340,545. This decrease was mainly due to a decrease in Capital Grants in the amount of \$259,492.

The total expenses increased by \$167,157. The main cause for this increase is due to a casualty loss not capitalized in the amount of \$129,584.

**Capital Assets**

As of September 30, 2007 the Authority's investment in capital assets was \$2,312,568 (net of accumulated depreciation). This investment included land, building, building improvements, dwelling equipment, and maintenance equipment.

**Capital Assets at Year-End**

	<u>2006</u>	<u>2007</u>
Land *	\$ 680,738	\$ 680,738
Buildings & Improvements	4,546,997	4,681,814
Furniture & Equipment	246,185	262,835
Accumulated Depreciation	<u>(3,074,435)</u>	<u>(3,312,819)</u>
<b>Total</b>	<b>\$ 2,399,485</b>	<b>\$ 2,312,568</b>

\* Land in the amount of \$680,738 is not being depreciated.

**Long Term Debt**

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

**Housing Authority of the  
Town of Jonesboro, Louisiana**

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**Management's Discussion and Analysis (MD&A)  
September 30, 2007**

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**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 2008 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 Assets  
September 30, 2007**

<b>CURRENT ASSETS</b>	
Cash & Investments	\$ 808,077
Receivables (Net)	3,182
Prepaid Insurance	26,891
Inventory, Net of Allowance	1,487
Restricted:	
Cash	13,840
<b>TOTAL CURRENT ASSETS</b>	<u>853,477</u>
 <b>NON-CURRENT ASSETS</b>	
Capital Assets	5,625,387
Less Accumulated Depreciation	<u>(3,312,819)</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>2,312,568</u>
 <b>TOTAL ASSETS</b>	 <u>3,166,045</u>
 <b>CURRENT LIABILITIES</b>	
Accounts Payable	42,848
Accrued PILOT	29,603
Accrued Wages/Payroll Taxes Payable	11,354
Accrued Compensated Absences	7,911
<b>TOTAL CURRENT LIABILITIES</b>	<u>91,716</u>
 <b>NON-CURRENT LIABILITIES</b>	
Security Deposit Liability	13,840
Accrued Compensated Absences	7,886
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>21,726</u>
 <b>TOTAL LIABILITIES</b>	 <u>113,442</u>
 <b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	2,312,568
Unrestricted	740,035
<b>TOTAL NET ASSETS</b>	<u>\$ 3,052,603</u>

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 Assets  
Year Ended September 30, 2007**

<b>OPERATING REVENUES</b>	
Rental Revenue	\$ 310,759
Other Tenant Revenue	68,171
HUD Operating Grants	250,500
<b>TOTAL OPERATING REVENUE</b>	<u>629,430</u>
<b>OPERATING EXPENSES</b>	
General & Administrative	236,675
Repairs & Maintenance	269,797
Utilities	20,261
Tenant Services	6,611
Insurance	67,760
PILOT	29,604
Professional Fees	12,440
Bad Debt - Tenant's Rent	6,850
Depreciation	242,842
<b>TOTAL OPERATING EXPENSES</b>	<u>892,840</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(263,410)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest Income	37,368
Extraordinary Maintenance	(113,344)
Casualty Losses Not Capitalized	(129,584)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>(205,560)</u>
<b>CHANGE IN NET ASSETS</b>	(468,970)
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>3,521,573</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 3,052,603</u>

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, 2007**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Tenants	\$ 378,953
Cash Received From Government Operating Subsidy	250,500
Cash Payments to Suppliers for Goods & Services	(331,015)
Cash Payments to Employees for Services	<u>(271,767)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>26,671</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Casualty Loss Not Capitalized	(129,584)
Extraordinary Maintenance	(113,344)
Other	<u>(4,458)</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(247,386)</u>
 <b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	<u>(151,467)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(151,467)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Cash Provided by Interest From Investments	37,368
Decrease in Investments	<u>359,000</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>396,368</u>
 <b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	 24,186
 <b>CASH, BEGINNING OF YEAR</b>	 <u>113,009</u>
<b>CASH, END OF YEAR</b>	<b>\$ <u>137,195</u></b>

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, 2007**

**Reconciliation**

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

Operating Income (Loss)	\$	<u>(263,410)</u>
Depreciation Expense		242,842
(Increase) Decrease in Accounts Receivable		23
(Increase) Decrease in Prepaid Insurance		(2,560)
Increase (Decrease) in Accounts Payable		13,094
Increase (Decrease) in PILOT		29,603
Increase (Decrease) in Wages/Payroll Taxes Payable		5,843
Increase (Decrease) in Compensated Absences		1,556
Increase (Decrease) in Tenant Security Deposits		<u>(320)</u>
<b>TOTAL ADJUSTMENTS</b>		<u>290,081</u>
 <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		 <u>26,671</u>
 <b>LISTING OF NONCASH INVESTING, CAPITAL, &amp; FINANCIAL ACTIVITIES</b>		
Contributions of Capital Assets From Government	\$	<u>-0-</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**



**Housing Authority of the  
Town of Jonesboro, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**INTRODUCTION**

The Housing Authority of the Town of Jonesboro is a 191 unit 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 assets and the statement of revenues, expenses and changes in net assets) report information on all of the activities of the Authority.

**Housing Authority of the  
Town of Jonesboro, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)**

**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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The Authority has elected not to follow subsequent private-sector guidance.

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.

**Housing Authority of the  
Town of Jonesboro, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)**

**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 certificated 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.

**D. RECEIVABLES & PAYABLES**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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.

**Housing Authority of the  
Town of Jonesboro, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)**

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

Buildings	20 Years
Buildings Improvements	10 Years
Nondwelling Structures	10 Years
Vehicles	5 Years

**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, 2007, employees of the PHA had accumulated and vested \$15,797 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at September 30, 2007 was \$7,911 recorded as current obligation and \$7,886 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, 2007, the Housing Authority had cash and investments (book balances) totaling \$821,917 as follows:

Demand deposits	\$ 137,195
Time deposits	684,722
<b>Total</b>	<b>\$ <u>821,917</u></b>

**Housing Authority of the  
Town of Jonesboro, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)**

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.

At September 30, 2007, the Authority had \$836,745 in deposits (collected bank balances). These deposits are secured from risk by \$375,722 of federal deposit insurance and \$1,047,848 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Investments are categorized into these three categories of credit risk:

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

	<b>Bank Balance</b>
	<b>09/30/2007</b>
Cash and Investments in Bank	\$ <u>836,745</u>
<i>Secured as Follows:</i>	
FDIC (Category - 1)	375,722
Securities (Category - 2)	<u>1,047,848</u>
<b>Total Securities</b>	<b>\$ <u>1,423,570</u></b>

**3. CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Capital Assets</b>				
Land *	\$ 680,738	\$ -0-	\$ -0-	\$ 680,738
Building & Improvements	4,546,997	134,817	-0-	4,681,814
Furniture & Equipment	246,185	16,650	-0-	262,835
<b>Total Capital Assets</b>	<u>5,473,920</u>	<u>151,467</u>	<u>-0-</u>	<u>5,625,387</u>
<b>Less Accumulated Depreciation</b>	<u>(3,074,435)</u>	<u>(242,842)</u>	<u>4,458</u>	<u>(3,312,819)</u>
<b>Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ <u>2,399,485</u></b>	<b>\$ <u>(91,375)</u></b>	<b>\$ <u>4,458</u></b>	<b>\$ <u>2,312,568</u></b>

\* Land in the amount of \$680,738 is not being depreciated.

**Housing Authority of the  
Town of Jonesboro, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)**

**4. BOARD OF COMMISSIONERS**

<u>Name</u>	<u>Title</u>
Sam Ledbetter	Chairman
Corra Barr	Vice-Chairman
Notie Belton	Board Member
Sharon Satcher	Board Member
Viola Dickerson	Board Member

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

**5. 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 \$250,500 to the Housing Authority, which represents approximately 38% of the Housing Authority's revenues for the year.

**6. CONTINGENT LIABILITIES & SUBSEQUENT EVENTS**

At September 30, 2007, 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.

**7. 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 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 5.5% 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.

**Housing Authority of the  
Town of Jonesboro, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)**

The Housing Authority total covered payroll for the year ended September 30, 2007 was \$277,616.

The Housing Authority's contribution for the year ended September 30, 2007 was \$22,209 and the total pension contribution for the year was \$37,478.

**Supplementary Information**



**Housing Authority of the  
Town of Jonesboro, Louisiana**

**Statement & Certification of Actual Modernization Cost  
Annual Contribution Contract  
September 30, 2007**

	<u>CFP Project 2006-501</u>	<u>Total</u>
<b>1. The Actual Modernization Costs are as follows:</b>		
Funds Approved Total	\$ 267,158	\$ 267,158
Funds Expended Y-T-D	<u>(267,158)</u>	<u>(267,158)</u>
Excess of Funds Approved	<u>-0-</u>	<u>-0-</u>
<b>2. Funds Advanced Y-T-D</b>	267,158	267,158
Funds Expended Y-T-D	<u>(267,158)</u>	<u>(267,158)</u>
Excess of Funds Advanced	\$ <u>-0-</u>	\$ <u>-0-</u>
<b>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.</b>		
<b>4. All Capital Fund costs have been paid and all related liabilities have been discharged through payment.</b>		

**JOHN R. VERCHER PC**  
***Certified Public Accountant***

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**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 the accompanying basic financial statements of the Housing Authority of the Town of Jonesboro, Louisiana, as of and for the year ended September 30, 2007, and have issued our report thereon dated January 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Housing Authority of the Town of Jonesboro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Jonesboro's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of the Town of Jonesboro's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of the Town of Jonesboro's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered 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 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*.

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.

*John R. Vercher PC*

January 16, 2008  
Jena, Louisiana

**Other Reports**

**HOUSING AUTHORITY OF THE  
TOWN OF JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended September 30, 2007**

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, 2007 and have issued our report thereon dated January 16, 2008. 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, 2007 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material Weaknesses     Yes    No    Reportable Conditions     Yes    No

**Compliance**

Compliance Material to Financial Statements     Yes    No

**b. Federal Awards (Not Applicable)**

**Internal Control**

Material Weaknesses     Yes    No    Reportable Conditions     Yes    No

Type of Opinion On Compliance     Unqualified                       Qualified  
For Major Programs                       Disclaimer                       Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

Yes     No

**c. Identification Of Major Programs:**

<b>CFDA Number (s)</b>	<b>Name Of Federal Program (or Cluster)</b>
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Dollar threshold used to distinguish between Type A and Type B Programs:

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?                       Yes     No

**HOUSING AUTHORITY OF THE  
TOWN OF JONESBORO, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended September 30, 2007**

**Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS**

No items to report.

**Section III Federal Awards Findings and Questioned Costs**

No items to report.

**Section IV Federal Awards Findings and Questioned Costs.**

Not applicable.

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***Certified Public Accountant***

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**MANAGEMENT LETTER COMMENTS**

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During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, my 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**

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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, 2006.

**PRIOR YEAR FINDINGS**

There were no prior year findings.



Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$123,355	\$0	\$123,355
114	Cash - Tenant Security Deposits	\$13,840	\$0	\$13,840
100	Total Cash	\$137,195	\$0	\$137,195
126	Accounts Receivable - Tenants - Dwelling Rents	\$3,248	\$0	\$3,248
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-66	\$0	\$-66
120	Total Receivables, net of allowances for doubtful accounts	\$3,182	\$0	\$3,182
131	Investments - Unrestricted	\$684,722	\$0	\$684,722
142	Prepaid Expenses and Other Assets	\$26,891	\$0	\$26,891
143	Inventories	\$1,488	\$0	\$1,488
143.1	Allowance for Obsolete Inventories	\$-1	\$0	\$-1
150	Total Current Assets	\$853,477	\$0	\$853,477
161	Land	\$680,738	\$0	\$680,738
162	Buildings	\$4,420,523	\$0	\$4,420,523
163	Furniture, Equipment & Machinery - Dwellings	\$38,928	\$0	\$38,928
164	Furniture, Equipment & Machinery - Administration	\$207,257	\$0	\$207,257
165	Leasehold Improvements	\$277,941	\$0	\$277,941
166	Accumulated Depreciation	\$-3,312,819	\$0	\$-3,312,819
160	Total Fixed Assets, Net of Accumulated Depreciation	\$2,312,568	\$0	\$2,312,568
180	Total Non-Current Assets	\$2,312,568	\$0	\$2,312,568
190	Total Assets	\$3,166,045	\$0	\$3,166,045
312	Accounts Payable <= 90 Days	\$42,848	\$0	\$42,848
321	Accrued Wage/Payroll Taxes Payable	\$11,354	\$0	\$11,354
322	Accrued Compensated Absences - Current Portion	\$7,911	\$0	\$7,911
333	Accounts Payable - Other Government	\$29,603	\$0	\$29,603
341	Tenant Security Deposits	\$13,840	\$0	\$13,840
310	Total Current Liabilities	\$105,556	\$0	\$105,556
354	Accrued Compensated Absences - Non Current	\$7,886	\$0	\$7,886
350	Total Noncurrent Liabilities	\$7,886	\$0	\$7,886
300	Total Liabilities	\$113,442	\$0	\$113,442
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$2,312,568	\$0	\$2,312,568
511	Total Reserved Fund Balance	\$0	\$0	\$0

511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$740,035	\$0	\$740,035
513	Total Equity/Net Assets	\$3,052,603	\$0	\$3,052,603
600	Total Liabilities and Equity/Net Assets	\$3,166,045	\$0	\$3,166,045
703	Net Tenant Rental Revenue	\$310,759	\$0	\$310,759
704	Tenant Revenue - Other	\$68,171	\$0	\$68,171
705	Total Tenant Revenue	\$378,930	\$0	\$378,930
706	HUD PHA Operating Grants	\$242,834	\$7,666	\$250,500
711	Investment Income - Unrestricted	\$37,368	\$0	\$37,368
700	Total Revenue	\$659,132	\$7,666	\$666,798
911	Administrative Salaries	\$157,445	\$0	\$157,445
912	Auditing Fees	\$6,790	\$0	\$6,790
914	Compensated Absences	\$1,556	\$0	\$1,556
915	Employee Benefit Contributions - Administrative	\$52,116	\$0	\$52,116
916	Other Operating - Administrative	\$31,208	\$0	\$31,208
924	Tenant Services - Other	\$6,611	\$0	\$6,611
931	Water	\$1,444	\$0	\$1,444
932	Electricity	\$9,130	\$0	\$9,130
933	Gas	\$3,293	\$0	\$3,293
938	Other Utilities Expense	\$6,394	\$0	\$6,394
941	Ordinary Maintenance and Operations - Labor	\$121,720	\$0	\$121,720
942	Ordinary Maintenance and Operations - Materials and Other	\$69,080	\$0	\$69,080
943	Ordinary Maintenance and Operations - Contract Costs	\$33,894	\$0	\$33,894
945	Employee Benefit Contributions - Ordinary Maintenance	\$45,103	\$0	\$45,103
961	Insurance Premiums	\$67,760	\$0	\$67,760
963	Payments in Lieu of Taxes	\$29,604	\$0	\$29,604
964	Bad Debt - Tenant Rents	\$6,850	\$0	\$6,850
969	Total Operating Expenses	\$649,998	\$0	\$649,998
970	Excess Operating Revenue over Operating Expenses	\$9,134	\$7,666	\$16,800
971	Extraordinary Maintenance	\$113,344	\$0	\$113,344
972	Casualty Losses - Non-Capitalized	\$129,584	\$0	\$129,584
974	Depreciation Expense	\$242,842	\$0	\$242,842
900	Total Expenses	\$1,135,768	\$0	\$1,135,768
1001	Operating Transfers In	\$7,666	\$0	\$7,666
1002	Operating Transfers Out	\$0	\$-7,666	\$-7,666
1010	Total Other Financing Sources (Uses)	\$7,666	\$-7,666	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-468,970	\$0	\$-468,970

1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$3,521,573	\$0	\$3,521,573
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0
1120	Unit Months Available	2,292	0	2,292
1121	Number of Unit Months Leased	2,161	0	2,161