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

**Financial Statements and Supplemental Financial Information  
Year Ended September 30, 1998  
with  
Reports of Certified Public Accountants  
on Financial and Compliance Examination**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 4-14-99

Receipt Acknowledged  
Legislative Auditor

By 

VanRheenen & Miller, Ltd.  
Certified Public Accountants  
1309 East Race Avenue  
Searcy, Arkansas 72143

1-28-99

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FINANCIAL SECTION

Independent Auditors' Report

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

We have audited the accompanying general purpose financial statements of Housing Authority of the Town of Jonesboro as of September 30, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements and the supplemental financial information - statutory basis referred to below are the responsibility of the authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the Town of Jonesboro as of September 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 28, 1999 on our consideration of Housing Authority of the Town of Jonesboro's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying financial information listed as supplemental financial information - statutory basis in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Housing Authority of the Town of Jonesboro. As described in Note 1, the supplemental financial information - statutory basis was prepared in conformity with the accounting practices prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. Such supplemental financial information - statutory basis has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in conformity with the comprehensive basis of accounting described in Note 1.

January 28, 1999

  
VanRheenen & Miller, Ltd.  
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

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

**Combined Balance Sheet - All Fund Types and Account Groups  
September 30, 1998**

	Governmental Fund Types		Account Groups		Memo Totals 1998	Memo Totals 1997
	Special Revenue	Debt Service	General Fixed Assets	General Long-term Debt		
<b>Assets and Other Debits</b>						
<b>Assets:</b>						
Cash	\$ 25,875.17	\$ -	\$ -	\$ -	\$ 25,875.17	\$ 213,575.33
Investments	287,450.84	-	-	-	287,450.84	56,241.24
<b>Receivables:</b>						
Other governments	-	191,953.06	-	-	191,953.06	191,505.12
Other	120.00	-	-	-	120.00	120.00
Prepaid items	17,423.00	-	-	-	17,423.00	24,053.67
<b>Restricted assets:</b>						
Cash	-	253.57	-	-	253.57	281.24
Fixed assets	-	-	3,690,312.22	-	3,690,312.22	3,684,382.22
<b>Other debits:</b>						
Amount available in debt service fund	-	-	-	192,206.63	192,206.63	191,786.36
Amount to be provided for retirement of general long term debt	-	-	-	1,151,632.01	1,151,632.01	1,251,358.44
<b>Total Assets and Other Debits</b>	<b>\$ 330,869.01</b>	<b>\$ 192,206.63</b>	<b>\$ 3,690,312.22</b>	<b>\$ 1,343,838.64</b>	<b>\$ 5,557,226.50</b>	<b>\$ 5,613,303.62</b>
<b>Liabilities, Equity and Other Credits</b>						
<b>Liabilities:</b>						
<b>Accounts payable:</b>						
Trade	\$ 4,569.51	\$ -	\$ -	\$ -	\$ 4,569.51	\$ 3,201.13
Security deposits	14,880.00	-	-	-	14,880.00	14,820.00
Accrued PILOT	19,529.00	-	-	-	19,529.00	17,922.00
Deferred revenue	689.31	-	-	-	689.31	1,272.00
Fixed liabilities	-	-	-	1,343,838.64	1,343,838.64	1,443,144.80
<b>Total liabilities</b>	<b>39,687.82</b>	<b>-</b>	<b>-</b>	<b>1,343,838.64</b>	<b>1,383,506.46</b>	<b>1,480,359.93</b>
<b>Equity and Other Credits:</b>						
Investment in general fixed assets	-	-	3,690,312.22	-	3,690,312.22	3,684,382.22
<b>Fund balances:</b>						
Reserved for debt service	-	192,206.63	-	-	192,206.63	191,786.36
Reserved for prepaids	17,423.00	-	-	-	17,423.00	24,053.67
Unreserved, undesignated	273,778.19	-	-	-	273,778.19	232,721.44
<b>Total Equity and Other Credits</b>	<b>291,201.19</b>	<b>192,206.63</b>	<b>3,690,312.22</b>	<b>-</b>	<b>4,173,720.04</b>	<b>4,132,943.69</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 330,869.01</b>	<b>\$ 192,206.63</b>	<b>\$ 3,690,312.22</b>	<b>\$ 1,343,838.64</b>	<b>\$ 5,557,226.50</b>	<b>\$ 5,613,303.62</b>

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

Housing Authority of the Town of Jonesboro  
Jonesboro, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
All Governmental Fund Types  
Year Ended September 30, 1998

	Governmental Fund Types		Memo Totals 1998	Memo Totals 1997
	Special Revenue	Debt Service		
Revenues:				
Rents	\$ 205,293.08	\$ -	\$ 205,293.08	\$ 188,691.00
Charges for services	24,404.79	-	24,404.79	
Operational subsidies/grants	218,130.00	161,061.69	379,191.69	371,860.67
Interest	14,134.76	-	14,134.76	14,657.16
Miscellaneous	-	-	-	17,731.74
<b>Total Revenues</b>	<b>461,962.63</b>	<b>161,061.69</b>	<b>623,024.32</b>	<b>592,940.57</b>
Expenditures				
Current:				
Housing operations	421,606.55	-	421,606.55	350,942.31
Capital outlay	5,930.00	-	5,930.00	60,621.99
Debt service				
Principal	-	92,601.67	92,601.67	88,350.27
Interest	-	68,039.75	68,039.75	83,520.45
<b>Total Expenditures</b>	<b>427,536.55</b>	<b>160,641.42</b>	<b>588,177.97</b>	<b>583,435.02</b>
Excess of Revenues over (under) Expenditures	34,426.08	420.27	34,846.35	9,505.55
Fund balances, beginning of period	256,775.11	191,786.36	448,561.47	439,055.92
<b>Fund Balance, end of period</b>	<b>\$ 291,201.19</b>	<b>\$ 192,206.63</b>	<b>\$ 483,407.82</b>	<b>\$ 448,561.47</b>

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

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

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual - All Governmental Fund Types  
Year Ended September 30, 1998**

	Special Revenue Funds		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Rents	\$ 189,220.00	\$ 205,293.08	\$ 16,073.08
Charges for services	5,000.00	24,404.79	19,404.79
Operational subsidies/grants	218,130.00	218,130.00	-
Interest	10,750.00	14,134.76	3,384.76
	<u>423,100.00</u>	<u>461,962.63</u>	<u>38,862.63</u>
Total Revenues			
Expenditures			
Current:			
Administrative salaries	74,630.00	74,548.00	82.00
Professional fees	11,000.00	4,739.96	6,260.04
Travel	4,000.00	3,002.39	997.61
Sundry administration	12,900.00	9,464.72	3,435.28
Utilities	8,820.00	9,515.93	(695.93)
Maintenance salaries	79,500.00	81,707.50	(2,207.50)
Maintenance materials	50,000.00	41,026.98	8,973.02
Other maintenance costs	82,870.00	77,923.69	4,946.31
Protective services	22,110.00	15,891.00	6,219.00
Insurance	48,000.00	44,333.67	3,666.33
PILOT	18,660.00	19,529.00	(869.00)
Employee benefits	40,910.00	39,923.71	986.29
Collection losses	300.00	-	300.00
Capital expenditures	14,400.00	5,930.00	8,470.00
	<u>468,100.00</u>	<u>427,536.55</u>	<u>40,563.45</u>
Total Expenditures			
Excess of Revenues over (under) Expenditures	<u>\$ (45,000.00)</u>	34,426.08	<u>\$ 79,426.08</u>
Fund balances, beginning of period		<u>256,775.11</u>	
Fund Balance, end of period		<u>\$ 291,201.19</u>	

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



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

**Notes to the Financial Statements  
September 30, 1998**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction.**

The financial statements of the entity have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The entity is chartered as a public corporation for the purpose of administering housing programs for low income families.

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 following is a summary of significant accounting policies:

**A. Reporting Entity.**

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

**B. Basis of Presentation.**

1. **Funds and Account Groups.** The accounts of the entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various accounts are grouped, in the financial statements in this report, into the following categories:

**Governmental Fund Types**

**Special revenue fund** - The special revenue funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt service fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

**Account Groups**

The account groups are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

2. **Comparative Data.** Comparative total data for the prior year have been presented in some accompanying financial statements in order to provide an understanding of changes in the entity's financial position and operations. However, comparative data by fund type have not been presented in each of the statements since inclusion of such data would make the statements unduly complex and difficult to read.

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

**Notes to the Financial Statements (Continued)  
September 30, 1998**

3. Total Columns on Combined Statements. Total columns on the combined statements are captioned Memo Totals to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
4. Land, Structures, and Equipment. Land, structures and equipment used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The entity does capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity.
5. Capitalized Interest. During project development, interest expenditures were capitalized under pre-1987 financing arrangements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to financed developments, interest expenditures are not accrued but are recorded when paid.
6. Long-term Liabilities. Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.
7. Fund Balance Reservations. Special reporting treatment is also applied in governmental funds when prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

C. Basis of Accounting.

1. Modified Accrual Basis of Accounting. All governmental fund types are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. All significant revenue sources are susceptible to accrual.

Expenditures in governmental fund types are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay which are not accrued, and (2) principal and interest on general long-term debt which is reported as expenditures in the year due.

The entity does not utilize encumbrance accounting.

2. Supplemental Financial Information - Statutory Basis. The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:
  - a. Governmental fund accounting principles are not utilized.
  - b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.
  - c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.
  - d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
  - e. Premiums and/or discounts on bonds are recognized in income or expense in the year bonds are sold.

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

**Notes to the Financial Statements (Continued)  
September 30, 1998**

- f. The cost of accumulated unpaid vacation and sick leave is not accrued.
- g. Financial statement formats vary from GAAP.
- h. The entity does not utilize encumbrance accounting.
- i. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and Comprehensive Grant Program (CGP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as Fixed Assets may include costs substantially in excess of value.
- j. During project development, interest expenditures are capitalized under pre-1987 financing agreements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to completion of Pre-1987 financed developments, interest expenditures are not accrued but are recognized when paid.

**D. Budgetary Data.**

- 1. Budget Policy and Practice. The entity follows these procedures in establishing the budgetary data reflected in the financial statements:
  - a. The entity prepares annual budgets for each fund (except Debt Service Fund and the Capital Projects Fund). Prior to the beginning of each budget year, the entity's annual budget is approved by the entity's governing body. Budgetary amendments require approval by the governing body. Budget amounts shown in the financial statements are the final authorized amounts for the year. All budgetary appropriations lapse at the end of each fiscal year.
  - b. Budgets for the Debt Service Fund are not prepared inasmuch as all revenues and expenditures of this fund are controlled by and processed by HUD. The entity records Debt Service Fund transactions from documents supplied by HUD.
- 2. Encumbrances. Encumbrance accounting is not utilized by the entity.
- 3. Budget Basis of Accounting. The budgets are prepared on the statutory basis of accounting as prescribed by HUD.

**E. Assets, Liabilities and Fund Equity.**

- 1. Cash and Cash Equivalents. The entity defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.
- 2. Investments. The entity defines investments to include certificates of deposit with maturities of greater than three months. Consequently, the cost, carrying value, and market value are equivalent.

**F. Revenue, Expenditures and Expenses.**

- 1. Compensated Absences. Vested and earned vacation and sick leave that are not accrued are reported in the general long-term debt account group. No expenditure is reported for those amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.
- 2. Income Taxes. The entity is not subject to federal or state income taxes.

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

**Notes to the Financial Statements (Continued)  
September 30, 1998**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**A. Deposits**

It is the entity's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 1998. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized. (This includes bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 39,818.66	\$ 39,818.66	\$ .00	\$ .00

**B. Investments**

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

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

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at September 30, 1998. The categories are:

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

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

**Notes to the Financial Statements (Continued)  
September 30, 1998**

Investments, categorized by level of risk, are:

Types of Investments	Category			Fair Value/ Carrying Value	Cost
	1	2	3		
Deposits at federally insured depositories	\$ 138,999.26	\$ .00	\$ 7,818.66	\$ 146,817.92	\$ 146,817.92
U.S. government securities	141,437.18	.00	.00	141,437.18	140,632.92
<b>Total investments</b>	<b>\$ 280,436.44</b>	<b>\$ .00</b>	<b>\$ 7,818.66</b>	<b>\$ 288,255.10</b>	<b>\$ 287,450.84</b>

The entity did have collateral pledged to it in sufficient amounts to cover investment balances in excess of insurance coverage. However, the collateral was not in the entity's name and therefore the security interest was not perfected.

**NOTE 3 - RESTRICTED CASH**

Restricted cash consists of the following:

	Owned Housing Program
Debt Service Fund	\$ 253.37

**NOTE 4 - FIXED ASSETS**

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 680,737.92	\$ .00	\$ .00	\$ 680,737.92
Building	2,736,207.88	.00	.00	2,736,207.88
Equipment	267,436.42	5,930.00	.00	273,366.42
<b>Total</b>	<b>\$ 3,684,382.22</b>	<b>\$ 5,930.00</b>	<b>\$ .00</b>	<b>\$ 3,690,312.22</b>

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

**NOTE 5 - FIXED LIABILITIES**

Fixed liabilities consist of the following:

	Interest Rate	Principal Balance
Payroll related costs		\$ 19,879.82
HUD notes payable	various	98,644.16
FFB note dated September 4, 1981	6.60%	607,003.68
Bonds payable, October 1, 1962 series	3.50%	107,653.43
Bonds payable, August 1, 1970 series	5.75%	510,657.55
<b>Total</b>		<b>\$ 1,343,838.64</b>

HUD notes payable are held and guaranteed by HUD. Under provisions of the federal Debt Forgiveness Act of 1985, these notes and accrued interest on these notes are to be forgiven by HUD. Timing of this action is uncertain.

The Federal Financing Bank note is payable in annual installments of \$74,818.49, including principal and interest. All annual installments to maturity are payable by HUD. The note matures November 1, 2009.

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

**Notes to the Financial Statements (Continued)  
September 30, 1998**

The bonds mature in series annually in varying amounts with the final maturity date in 2011. All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

Changes in fixed liabilities are as follows:

	FFB Notes	HUD Notes	Bonds	Payroll Related Costs
Bal., beg. of period	\$ 656,594.36	\$ 98,644.16	\$ 662,072.47	\$ 25,833.81
Principal retirement	(49,590.68)	.00	(43,761.49)	.00
Net Change	.00	.00	.00	(5,953.99)
Bal., end of period	<u>\$ 607,003.68</u>	<u>\$ 98,644.16</u>	<u>\$ 618,310.98</u>	<u>\$ 19,879.82</u>

Scheduled retirements of fixed liabilities are as follows:

	FFB Notes	Bonds	Interest	Total
Within first year	\$ 34,756.25	\$ 45,948.81	\$ 73,192.92	\$ 153,897.98
Within second year	37,050.16	48,295.81	68,005.64	153,351.61
Within third year	39,398.69	50,427.40	64,286.72	154,112.81
Within fourth year	42,095.78	53,309.17	58,792.27	154,197.22
Within fifth year	44,874.11	56,510.30	22,737.96	124,122.37
Thereafter	408,828.69	363,819.49	242,049.57	1,014,697.75

**NOTE 6 - RETIREMENT PLAN**

The entity provides pension benefits for all of its full-time employees through The Trust Company of Louisiana (the "Plan"). The Plan is a single-employer defined contribution plan and is administered by the Housing Authority of the Town of Jonesboro. The Plan was established January 1, 1995 and is authorized and may be amended by the entity's Board of Commissioners.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a one year exclusionary period. The employee contributes 5% and the entity contributes 7% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended September 30, 1998 was \$156,255.50. The entity's contributions were calculated using the base salary amount of \$155,250.66. Contributions to the plan were \$7,762.54 and \$10,867.54 by the employee and the entity, respectively.

**NOTE 7 - CONTINGENCIES**

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

**NOTE 8 - YEAR 2000 (Y2K) ISSUE**

It appears that the Housing Authority of the Town of Jonesboro has addressed the potential impact of the Year 2000 (Y2K) on the processing of date-dependent information by their computerized information systems. These departments are in the implementation stage of compliance. All application software, operating systems, and computer hardware appear to be Y2K compliant. The Y2K issue is the result of computer programs being written using two digit (rather than four) to define a year. This could result in miscalculations or system failures.

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

Housing Authority of the Town of Jonesboro  
Jonesboro, Louisiana

Balance Sheet - Statutory Basis  
September 30, 1998

Annual Contributions Contract FW-1213

Assets

Cash-checking and on hand	\$ 25,875.17
Investments	287,450.84
Accounts receivable-other	120.00
Prepaid insurance	17,423.00
Debt amortization funds	192,206.63
Fixed assets	<u>3,690,312.22</u>
Total Assets	<u>\$ 4,213,387.86</u>

Liabilities and Surplus

Tenants' security deposits	\$ 14,880.00
Accounts payable-other	4,569.51
Accrued PILOT	19,529.00
Tenants' prepaid rents	689.31
Accrued interest	41,931.51
Fixed liabilities	<u>1,323,958.82</u>
Total liabilities	1,405,558.15
Surplus	<u>2,807,829.71</u>
Total Liabilities and Surplus	<u>\$ 4,213,387.86</u>



Housing Authority of the Town of Jonesboro  
Jonesboro, Louisiana

Statement of Income and Expenses - Statutory Basis  
Owned Housing Program  
Year Ended September 30, 1998

Annual Contributions Contract FW-1213

Operating income	
Dwelling rental	\$ 205,293.08
Interest on general fund investments	14,134.76
Other Income	<u>24,404.79</u>
Total operating income	<u>243,832.63</u>
Operating Expenses	
Administration	91,755.07
Utilities	9,515.93
Ordinary maintenance and operations	141,606.60
Protective services	15,891.00
General expense	103,786.38
Nonroutine maintenance	<u>59,051.57</u>
Total operating expenses	<u>421,606.55</u>
Net operating income (loss) before other items	(177,773.92)
Other charges (credits)	
Interest expense	73,165.84
Prior year adjustments affecting residual receipts	(19,717.27)
Prior year adjustments not affecting residual receipts	<u>32,114.71</u>
Total other charges (credits)	<u>85,563.28</u>
Net Income (Loss)	<u>\$ (263,337.20)</u>

Housing Authority of the Town of Jonesboro  
Jonesboro, Louisiana

Analysis of Surplus - Statutory Basis  
September 30, 1998

Annual Contributions Contract FW-1213

Unreserved surplus	
Balance per 9-30-97 audit	\$ (4,581,867.36)
Prior audit AJEs subsequently booked	(2,436.56)
Net income (loss) FYE 9-30-98	(263,337.20)
OR provision FYE 9-30-98	<u>(44,198.79)</u>
Balance at 9-30-98	<u>(4,891,839.91)</u>
Reserved Surplus	
Balance per 9-30-97 audit	237,057.84
OR provision FYE 9-30-98	<u>44,198.79</u>
Balance at 9-30-98	<u>281,256.63</u>
Cumulative contributions from HUD	
Balance per 9-30-97 audit	7,028,218.32
Contribution FYE 9-30-98	172,064.67
Operating subsidy FYE 9-30-98	<u>218,130.00</u>
Balance at 9-30-98	<u>7,418,412.99</u>
Total Surplus	<u>\$ 2,807,829.71</u>

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

**Computation of Residual Receipts and Accruing Annual Contributions  
Owned Housing Program  
Year Ended September 30, 1998**

Annual Contributions Contract FW-1213

<b>Computation of Residual Receipts</b>	
Operating receipts	
Operating income	\$ 243,832.63
HUD operating subsidy	218,130.00
Prior year adjustments affecting residual receipts	<u>19,717.27</u>
<b>Total operating receipts</b>	<u>481,679.90</u>
Operating expenditures	
Operating expenses	421,606.55
Capital expenditures	<u>5,930.00</u>
<b>Total operating expenditures</b>	<u>427,536.55</u>
Residual Receipts before provision for reserve, per audit	54,143.35
Audit adjustments (backed out)	<u>(9,944.56)</u>
Residual Receipts before provision for reserve, per PHA	44,198.79
Provision for operating reserve	<u>(44,198.79)</u>
Residual receipts per PHA	<u>\$ -</u>
<b>Computation of Accruing Annual Contributions</b>	
Fixed annual contributions*	\$ 172,964.80
Less interest savings	<u>(900.13)</u>
Total annual contribution accrued	172,064.67
Less amount available for reduction of annual contribution - Residual Receipts above	<u>-</u>
Accruing annual contribution	<u>\$ 172,064.67</u>

\* Subject to adjustment by HUD.

Housing Authority of the Town of Jonesboro  
Jonesboro, Louisiana

Analysis of General Fund Cash Balance  
September 30, 1998

Annual Contributions Contract FW-1213

Assets and Other Items

Cash-checking and on hand	\$	25,875.17
Investments		287,450.84
Accounts receivable-other		120.00
Prepaid insurance		17,423.00
		<hr/>
Total	\$	<u>330,869.01</u>

Liabilities, Reserves, and Other Items

Tenants' security deposits	\$	14,880.00
Accounts payable-other		4,569.51
Accrued PILOT		19,529.00
Tenants' prepaid rents		689.31
Operating reserve per PHA		281,256.63
Adjustments affecting Operating Reserve (backed out)		9,944.56
		<hr/>
Total	\$	<u>330,869.01</u>

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

**Owned Housing Program**

**Adjusting Journal Entries  
September 30, 1998**

Annual Contributions Contract FW-1213

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
Prior Yr. Adj. Aff. R.R.	6010	DO		\$ 772.60
Accounting and Audit	4170		\$ 1,690.00	
Water	4310	NOT		136.00
Electricity	4320			598.80
Other Utility Expense	4390	BOOK		182.60
To reverse prior year accounts payable accrual				
(2)				
Extraordinary Maintenance	4610	DO	2,137.40	
Gas	4330		48.45	
Electricity	4320	NOT	381.59	
Vendors and Contractors	2111	BOOK		2,567.44
To accrue unrecorded accounts payable at September 30, 1998.				
(3)				
Tenants Accounts Rec.	1122	DO NOT	689.31	
Tenants Prepaid Rent	2240	BOOK		689.31
To reclass prepaid rents.				
(4)				
Prepaid Insurance	1211	DO NOT	2,512.00	
Insurance Expense	4510	BOOK		2,512.00
To accrue unrecorded prepaid insurance at year end.				
(5)				
HUD AC Receivable	1176	1176	18,555.27	
Int. Payable - Bonds	2133	2133		225.23
Bonds Retired	2342	2342		750.23
Cumulative HUD AC	2840	2840		17,207.20
Interest Expense	5610	6010		372.94
To adjust accounts to actual at year end.				
(6)				
Unreserved Surplus	2810	2810	.30	
Operating Reserve (owned)	2820	2820		.30
To adjust accounts to actual at year end.				
(7)				
Prior Year Adj. Not Aff. R.R.	6020	DO NOT	10,000.30	
Prior Year Adj. Aff. R.R.	6010	BOOK		10,000.30
To account for affect of prior audit adjustment.				

NON-FINANCIAL SECTION

# VANRHEENEN & MILLER, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

1309 E. Race Avenue • Searcy, Arkansas 72143 • (501) 268-8356 • Fax 268-9362

C. Mark VanRheenen, CPA  
Steven E. Miller Jr., CPA  
L. Scott Rose, CPA

## Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited the general purpose financial statements of Housing Authority of the Town of Jonesboro as of and for the year ended September 30, 1998, and have issued our report thereon dated January 28, 1999. 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.

### Compliance

As part of obtaining reasonable assurance about whether Housing Authority of the Town of Jonesboro's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Housing Authority of the Town of Jonesboro's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

January 28, 1999



VanRheenen & Miller, Ltd.  
Certified Public Accountants

**Housing Authority of the Town of Jonesboro  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 1998**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1997 - FINDING NO.1

PHMAP

Condition: We noted the following deficiencies for Form HUD-50072 submitted for the fiscal year ended September 30, 1997, that we determined to be immaterial instances of non-compliance:

1. Indicator #1
  - a. Component #1, part b - Total number of ACC days reported was 700.80. Our computation was 70,080.
  - b. Component #1, part k - Blank. It should have been "N/A".
  - c. Component #2, part e - Total number of vacant units turned around and leased in the PHA's immediate past fiscal year reported 78. Our audit count was 90.
2. Indicator #3
  - a. Part b - Dwelling rents billed during the fiscal year being assessed reported \$192,869.00. According to our computation, it should be \$188,691.00.
  - b. Part c - Dwelling rents collected during the fiscal year being assessed reported \$192,869.00. According to our computation, it should also be \$188,691.00.
3. Indicator #4
  - a. Component #1 & #2 - Work orders - The PHA did not have any supporting documentation.

Recommendation: The auditor recommended a review of HUD Notice PIH 96-32 and comply with its directives.

Current Status: No similar findings were noted in the 1998 audit. This finding is resolved.