

Auditor's Opinion Letter
(for Special-purpose Government Engaged in Business-type Activities Only)

To the Chairman and the Board of Commissioners
City of Dogwood Public Housing Authority
Dogwood, North Carolina

We have audited the accompanying major funds and aggregate remaining fund information of the City of Dogwood Public Housing Authority, North Carolina as of and for the year ended September 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the City of Dogwood Public Housing Authority, North Carolina's management. 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 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Dogwood Public Housing Authority, North Carolina as of September 30, 2004, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City of Dogwood Public Housing Authority adopted Governmental Accounting Standards Board Statement Number 34 during the year ended September 30, 2004. *[This statement should be omitted in the second and subsequent years of financial reporting under GASB Statement 34.]*

In accordance with Government Auditing Standards, we have also issued our report dated *[date of report]* on our consideration of the City of Dogwood Public Housing Authority, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

[Signature]
[Date]

Management's Discussion and Analysis (MD&A)

The management of the City of Dogwood's Housing Authority (the Authority) offers readers of the Authority's financial statements this narrative overview and analysis of their financial activities for the fiscal year ended (FYE) September 30, 2004. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

Financial Highlights

- The Authority's net assets increased by \$430,852 (or 9.99%) to \$4,741,780, as compared to the previous year's end. Net assets invested in capital assets, net of related debt increased by \$271,787 (or 5.00%) as compared to the previous year's end. Unrestricted net assets increased by \$139,065 compared to the previous year's end to \$110,466 during the FYE September 30, 2004.
- The business-type activity operating revenues are \$579,715 for the fiscal year.
- Total operating expenses of all the Authority's programs were \$531,081 during the FYE September 30, 2004.
- The Authority's total debt decreased during the current fiscal year to \$1,091,686. The key factor in this decrease was the payment on existing debt.

Note to preparer: Continue to list any other significant financial highlights here.

Overview of the Financial Statements

The Authority's basic financial statements consist of three components; 1) the MD&A, 2) fund financial statements, and 3) notes to the financial statements. Because the Authority is a special-purpose government engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement 34. In addition to the financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Authority. Due to the Authority's required adoption of Governmental Accounting Standards Board (GASB) Statements No. 34, 37 & 38 during this fiscal year, comparative year financial statements are not being presented. Future reports will contain comparative financial data allowing for more comparison and analysis. In addition to the management's discussion and analysis, management has prepared the Statement of Net Assets, the Statement of Revenues, Expenses and Change in Net Assets, and the Statement of Cash Flows, following the MD&A.

Management Discussion and Analysis
City of Dogwood Housing Authority

Overview of the Authority

The City of Dogwood Housing Authority's primary mission is to provide housing to those eligible in the City of Dogwood area as determined by the US Department of Housing and Urban Development (HUD). The Authority's operations and capital expansion program are funded almost entirely through rental fees and subsidies received from HUD.

Fund Financial Statements

The financial statements are presented on the fund basis. The fund financial statements provide a more detailed look at the Authority's most significant activities by focusing on the individual activities of the major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance, or non-compliance, with finance-related legal requirements, such as the General Statutes (G.S.), the Authority's budget ordinance, or applicable HUD guidelines. The focus is now on the activities of the major funds, and not on the type of fund. The Authority maintains several different funds based on their activities as required by HUD and for accountability and control. All of the funds are enterprise funds which use the full accrual basis of accounting and account for the Authority's activities in a manner similar to a for-profit business.

Note to preparer – Modify the above section as necessary if the unit of government has only governmental funds or both governmental and proprietary funds.

The Authority adopts an annual budget as required by G.S. 159-42(c), following budgetary guidelines put forth by HUD. The budget is a legally adopted document that incorporates input from the citizens and the management of the Authority and the decisions of the Board about which services to provide and how to pay for them. The budgetary statements demonstrate how well the Authority complied with the budget ordinance and whether or not the Authority succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the legal budget document. The budgetary statements are presented as supplementary information to demonstrate compliance with applicable state laws. To account for the difference between the budgetary basis of accounting and the full accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements –The next section of the financial statements is the notes to the financial statements. The notes provide additional information that is

Management Discussion and Analysis
City of Dogwood Housing Authority

essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages _____ of this report. After the notes, supplemental information is provided to show details about the Authority's individual funds.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information required by the US Department of Housing and Urban Development.

Note to preparer – The above paragraph should be modified as appropriate, depending on the nature of the special-purpose government.

The Authority's Net Assets

Figure 1

	2004
Current and other assets	\$ 409,170
Capital assets	5,703,000
Total assets	6,112,170
Current liabilities	258,663
Non-current liabilities	1,111,727
Other liabilities	-
Total liabilities	1,370,390
Net assets:	
Invested in capital assets, net of related debt	4,611,314
Restricted	20,000
Unrestricted	110,466
Total net assets	\$ 4,741,780

Net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Authority exceeded liabilities by \$4,741,780 as of September 30, 2004. The Authority's net assets *increased [decreased]* by \$430,852 for the fiscal year ended September 30, 2004. The largest portion of net assets (97.25%) reflects the Authority's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to

Management Discussion and Analysis
City of Dogwood Housing Authority

liquidate these liabilities. An additional portion of the Authority's net assets (0.42%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$110,466 is unrestricted.

Note to preparer - The paragraph above represents the most common scenario for local governments – that in which the net assets invested in capital assets net of related debt is the largest component of overall net assets. If this is NOT the case for your unit of government, this paragraph will need to be modified.

The financial operations of the Authority positively influenced the total net assets with the capital contribution of \$440,000 in the Low Rent Housing Modernization Fund and the associated increase in capital assets.

Note to preparer - List here the highlights which generally explain the change in the financial condition – fee revenue or tax revenue increases due to annexation and/or economic growth, reductions in spending, savings from debt refundings, new operating grants received, etc.

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Authority's Changes in Net Assets
Figure 2

	Business-type Activities <u>2004</u>
Operating Revenues:	
Dwelling rental	\$ 144,000
Miscellaneous revenue	2,200
Operating subsidy-HUD	433,515
Total operating revenues	<u>579,715</u>
Operating Expenses	
Administration	69,401
Tenant services	3,315
Utilities	52,876
Ordinary maintenance	44,931
Protective services	3,500
General expense	27,015
Non-routine maintenance	6,123
Housing assistance payments	65,890
Depreciation	258,030
Total operating expenses	<u>531,081</u>
Income from operations	48,634
Non-operating revenues (expenses)	
Loss on disposal of capital assets	(4,817)
Interest income	1,498
Interest expense	(54,463)
Total non-operating revenues (expenses)	<u>(57,782)</u>
Capital contributions	<u>440,000</u>
Increase in net assets	430,852
Net assets, July 1	<u>4,310,928</u>
Net assets, June 30	<u>\$ 4,741,780</u>

Management Discussion and Analysis
City of Dogwood Housing Authority

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets as of September 30, 2004, totals \$5,703,000 (net of accumulated depreciation). These assets include buildings, land, equipment, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals): the Authority's capital assets increased primarily in the Low Rent Modernization Fund, with new construction and remodeling work.

City of Dogwood Housing Authority Capital Assets

Figure 3

	Capital Assets
	<u>2004</u>
Land	\$ 200,000
Buildings and systems	5,995,000
Improvements other than buildings	1,350,000
Machinery and equipment	340,187
Construction in progress	<u>400,000</u>
Total	<u>\$ 8,285,187</u>

Additional information on the Authority 's capital assets can be found in note III of the Basic Financial Statements.

Long-term Debt. As of September 30, 2004, the Authority had total bonded debt outstanding of \$1,091,686. The entire debt is secured by the assets associated with the debt.

Management Discussion and Analysis
City of Dogwood Housing Authority

The Authority's Outstanding Debt

Figure 4

	Outstanding Debt
	<u>2004</u>
1992 Note Payable	\$ 641,686
2003 Note Payable	<u>450,000</u>
Total	<u>\$ 1,091,686</u>

The Authority's total debt decreased by \$45,962 during the past fiscal year, primarily due to the payment on outstanding debt.

Note to preparer - The above paragraph discussing debt issuance is for illustrative purposes. It should be modified to encompass the significant reasons for the unit's increase or decrease in debt. See the illustrative financial statements for Carolina County and the City of Dogwood for additional examples.

Additional information regarding the Authority's long-term debt can be found in note III to the financial statements beginning on page _____ of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Authority.

Note to preparer - List items such as number of new jobs created in unit, number of occupied square feet of business property, unemployment rate and how it compares to state average, total retail sales for the unit for the year, etc. See "Writing Your MD&A" for sources of data.

- Low unemployment. The City's unemployment rate of 3.9% is well below the State average of 5.9% and is expected to reduce the demand for low-income housing.

Management Discussion and Analysis
City of Dogwood Housing Authority

- New manufacturing jobs. The City added approximately 400 new jobs last year in the manufacturing sector with the expansion of the Doohickey Factory. The increase in employment is expected to reduce the demand for public housing.
- Occupancy rates on office and retail space. The City occupancy rates are about 90% for the year, which is an increase from last year and higher than the area average of 85%. This indicates a strengthening local economy.

Budget Highlights for the Fiscal Year Ending September 30, 2005

Note to preparer – The following paragraphs are included for illustrative purposes. You will need to modify this section to summarize the budget adopted by your unit of government for the upcoming year.

Budgeted general operating expenses have been increased by 2% to cover increased personnel costs and 2.5% to cover increased costs of material, supplies, and other operating expenses. Operating subsidies from HUD are expected to increase by 1.9%. Tenant rents from new units are expected to make up the difference.

Requests for Information

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, 789 Shelter Way, Dogwood, North Carolina, 00000

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City of Dogwood Housing Authority
Statement of Net Assets
as of September 30, 2004

	Major Funds			Total Non-Major Funds	Total Funds
	Low Rent Housing Fund	Section 8 Housing Assistance Payments Fund	Low Rent Housing Modernization Fund	Home Ownership Fund*	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 203,200	\$ 6,818	\$ 20,000	\$ 141,802	\$ 371,820
Accounts receivable-HUD	26,500	870	-	3,250	30,620
Accounts receivable-Other	3,700	-	-	535	4,235
Supplies Inventories	1,000	25	-	163	1,188
Internal activities	400	40	-	(440)	-
Prepaid items	800	250	-	257	1,307
Total current assets	235,600	8,003	20,000	145,567	409,170
Non-current assets:					
Capital assets (Note 1):					
Land, non-depreciable improvements, and construction in progress	200,000	-	400,000	-	600,000
Buildings	5,545,000	-	450,000	-	5,995,000
Equipment	90,000	6,687	20,000	223,500	340,187
Leasehold improvements	1,350,000	-	-	-	1,350,000
Less accumulated depreciation	(2,476,990)	(2,687)	(12,510)	(90,000)	(2,582,187)
Total non-current assets	4,708,010	4,000	857,490	133,500	5,703,000
Total assets	\$ 4,943,610	\$ 12,003	\$ 877,490	\$ 279,067	\$ 6,112,170
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 171,080	\$ 450	\$ -	\$ 3,502	\$ 175,032
Unearned revenue	700	5,390	-	-	6,090
Customer deposits	4,040	-	-	-	4,040
Long-term debt due within one year	73,501	-	-	-	73,501
Total current liabilities	249,321	5,840	-	3,502	258,663
Noncurrent liabilities:					
Homeownership funds held for tenants	-	-	-	89,635	89,635
Accrued vacation pay	1,750	340	-	1,817	3,907
Long-term debt due in more than one year	568,185	-	450,000	-	1,018,185
Total noncurrent liabilities	569,935	340	450,000	91,452	1,111,727
Total liabilities	819,256	6,180	450,000	94,954	1,370,390
NET ASSETS					
Invested in capital assets, net of related debt	4,066,324	4,000	407,490	133,500	4,611,314
Restricted :					
Unspent grant	-	-	20,000	-	20,000
Unrestricted	58,030	1,823	-	50,613	110,466
Total net assets	\$ 4,124,354	\$ 5,823	\$ 427,490	\$ 184,113	\$ 4,741,780

The notes to the financial statements are an integral part of this statement.

*** NOTE TO PREPARER: Identify the non-major fund by name only if there is a single one. If there are more, show the detail of each non-major fund in a combining statement in the Supplementary Information Section, following the notes.**

City of Dogwood Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets -- All Funds
For The Year Ended September 30, 2004

	Major Funds			Total Non-Major Funds	Total
	Low Rent Housing Fund	Section 8 Housing Assistance Payments Fund	Low Rent Housing Modernization Fund	Home Ownership Fund*	
Operating revenues:					
Dwelling rental	\$ 131,400	\$ -	\$ -	\$ 12,600	\$ 144,000
Excess utilities	1,700	-	-	-	1,700
Non-dwelling rental	500	-	-	-	500
Operating subsidy-HUD	318,000	76,540	-	38,975	433,515
Total operating revenues	<u>451,600</u>	<u>76,540</u>	<u>-</u>	<u>51,575</u>	<u>579,715</u>
Operating expenses:					
Administration	45,291	8,400	-	15,710	69,401
Tenant services	2,708	-	-	607	3,315
Utilities	51,723	600	-	553	52,876
Ordinary maintenance	41,875	950	-	2,106	44,931
Protective services	3,500	-	-	-	3,500
General expense	24,191	910	-	1,914	27,015
Non-routine maintenance	6,123	-	-	-	6,123
Housing assistance payments	-	65,890	-	-	65,890
Depreciation	245,000	3,400	6,255	3,375	258,030
Total operating expenses	<u>420,411</u>	<u>80,150</u>	<u>6,255</u>	<u>24,265</u>	<u>531,081</u>
Operating income (loss)	<u>31,189</u>	<u>(3,610)</u>	<u>(6,255)</u>	<u>27,310</u>	<u>48,634</u>
Nonoperating revenues (expenses):					
Loss on disposal of fixed assets	-	-	-	(4,817)	(4,817)
Interest income	1,300	98	-	100	1,498
Interest expense	(32,484)	-	-	(21,979)	(54,463)
Nonoperating revenues (expenses)	<u>(31,184)</u>	<u>98</u>	<u>-</u>	<u>(26,696)</u>	<u>(57,782)</u>
Capital contributions	-	-	440,000	-	-
Change in Net Assets	5	(3,512)	433,745	614	(9,148)
Net Assets, beginning of year	<u>4,124,349</u>	<u>9,335</u>	<u>(6,255)</u>	<u>183,499</u>	<u>4,310,928</u>
Net Assets, end of year	<u>\$ 4,124,354</u>	<u>\$ 5,823</u>	<u>\$ 427,490</u>	<u>\$ 184,113</u>	<u>\$ 4,741,780</u>

*** NOTE TO PREPARER: Identify the non-major fund by name only if there is a single one. If there are more, show the detail of each non-major fund in a combining statement in the Supplementary Information Section.**

City of Dogwood Housing Authority
Combining Statement of Cash Flows
For The Year Ended September 30, 2004

	Major Funds			Total Non-Major Funds	Total
	Low Rent Housing Fund	Section 8 Housing Assistance Payments Fund	Low Rent Housing and Modernization Fund	Home Ownership Fund*	
Cash flows from operating activities:					
Cash received from tenants	\$ 128,204	\$ -	\$ -	\$ 15,610	\$ 143,814
Cash paid for goods and services	(126,891)	(68,810)	-	(8,712)	(204,413)
Cash paid to employees	(54,581)	(7,590)	-	(12,910)	(75,081)
Deposits and home ownership funds received	5,020	-	-	1,290	6,310
Deposits and home ownership funds returned	(980)	-	-	(1,000)	(1,980)
Operating grants and subsidies	301,500	76,410	-	38,975	416,885
Net cash provided (used) by operating activities	<u>252,272</u>	<u>10</u>	<u>-</u>	<u>33,253</u>	<u>285,535</u>
Cash flows from capital and related financing activities:					
Capital grants	-	-	440,000	-	440,000
Acquisition of capital assets	-	-	(420,000)	-	(420,000)
Payments on long term debt	(45,962)	-	-	-	(45,962)
Interest payments	(32,484)	-	-	(21,979)	(54,463)
Net cash provided (used) for capital and related financing activities	<u>(78,446)</u>	<u>-</u>	<u>20,000</u>	<u>(21,979)</u>	<u>(80,425)</u>
Cash flows from investing activities:					
Interest on investments	<u>1,300</u>	<u>98</u>	<u>-</u>	<u>100</u>	<u>1,498</u>
Net increase (decrease) in cash and cash equivalents	175,126	108	20,000	11,374	206,608
Cash and cash equivalents at beginning of year	28,074	6,710	-	130,428	165,212
Cash and cash equivalents at end of year	<u>\$ 203,200</u>	<u>\$ 6,818</u>	<u>\$ 20,000</u>	<u>\$ 141,802</u>	<u>\$ 371,820</u>

City of Dogwood Housing Authority
Combining Statement of Cash Flows
For The Year Ended September 30, 2004
(continued)

Reconciliation of operating loss to net cash
used by operating activities:

Operating loss	\$ 31,189	\$ (3,610)	\$ (6,255)	\$ 27,310	\$ 48,634
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation	245,000	3,400	6,255	3,375	258,030
(Increase) decrease in tenant rents receivable	(2,510)	-		910	(1,600)
(Increase) decrease due from U.S. Dept. of HUD	(21,462)	(130)		250	(21,342)
(Increase) decrease in supplies inventory	(100)	10		103	13
(Increase) decrease in prepaid insurance	(200)	50		30	(120)
Increase (decrease) in accounts payable and accrued liabilities	(6,061)	140		(1,015)	(6,936)
Increase (decrease) in customer deposits and home ownership fund	6,000	-		2,290	8,290
Increase in accrued vacation pay	300	150		-	450
Increase in unearned revenues	116	-		-	116
Total adjustments	<u>221,083</u>	<u>3,620</u>	<u>6,255</u>	<u>5,943</u>	<u>236,901</u>
Net cash provided (used) by operating activities	<u>\$ 252,272</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 33,253</u>	<u>\$ 285,535</u>

Under the provisions of Annual Contribution Contract # ZZZ1, HUD serviced all debt for the Authority during the fiscal year. Total debt serviced for the Low Rent Housing Fund was \$481,049, and consisted of \$211,970 in principal repayments, and a \$269,079 payment of accrued interest. Debt serviced for the Home Ownership Fund totaled \$14,336, and consisted of \$8,313 in principal repayment and a \$6,023 payment of accrued interest.

*** NOTE TO PREPARER: Identify the non-major fund by name only if there is a single one. If there are more, show the detail of each non-major fund in a combining statement in the Supplementary Information Section.**

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Dogwood Housing Authority is a public body and a body corporate and politic created under the authority of Chapter 157 of the General Statutes of North Carolina. The Authority was created for the purpose of providing safe and sanitary housing for the low-income citizens of the City of Dogwood.

The Housing Authority is reported as a related organization in the notes to the City of Dogwood’s financial statements since the governing board’s five-member Board of Commissioners of the Housing Authority are appointed to two-year terms by the mayor of the City of Dogwood, and the City of Dogwood has the ability to remove the appointed board members for cause. However, the Authority is not a component unit of the financial reporting entity of the City of Dogwood, since it designates its own management, approves its own budget, and maintains its own accounting system. In addition, the City provides no financial support to the Authority, is not obligated for the Authority’s debts or entitled to any surpluses of the Authority. The City is not financially accountable for the Housing Authority since it cannot impose its will on the Authority, and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the City of Dogwood.

B. Description of a Public Housing Authority

Funding for public housing authorities is received from the United States Department of Housing and Urban Development (HUD) and from participants in public housing programs.

The City of Dogwood Housing Authority has 180 units in management. It is also administering a Modernization Program for 30 units.

<u>Management</u>	<u>Units</u>
Owned Housing ST X-1, 2	160
HAPs Program ST X-3	<u>20</u>
	<u>180</u>
 <u>Modernization</u>	
Project ST X-1	<u>30</u>

C. Basis of Presentation – Fund Accounting

The accounts of the City of Dogwood Housing Authority are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, retained earnings, revenues, and expenses.

Notes to the Financial Statements

The Authority accounts for its operations as enterprise funds. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City of Dogwood Housing Authority reports the following major funds.

The Low Rent Housing Assistance Program. Low-income tenants pay monthly rents, which are determined by their need for assistance. HUD pays the annual debt service contributions directly to a fiscal or paying agent under the terms of the annual contributions contract. HUD also pays operating subsidies to the housing authority to enable the authority to maintain the low-income character of the neighborhood while providing adequate services and maintaining adequate reserves.

The Section 8 Housing Assistance Payments Program provides rental supplements to the owners of existing private housing who rent to qualifying individuals. The Authority processes all applicants for the Section 8 Housing Assistance Payments Program, places approved applicants in housing, and pays the owner of the private housing a monthly rental supplement. Under the conditions of an annual contributions contract, HUD reimburses the Authority for the rental supplements and the administrative cost of managing the program, up to a per unit limit established in the annual contributions contract.

The Low Rent Housing Modernization Fund accounts for the modernization and improvement of existing housing units owned by the Authority.

The City of Dogwood Housing Authority reports the following non-major fund.

The Home Ownership Program provides low-income tenants with the opportunity to purchase a home of their own. The tenant accumulates equity by renting and maintaining the unit. The tenant may purchase the home by applying this equity to the purchase of the home and by obtaining financing for the balance of the purchase price. The Authority administers this program. Operating subsidies are paid to the Authority and debt service payments are made by HUD under the terms of the annual contribution contract.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets, which is the result of deducting the all the liabilities from all the assets. Total net assets are segregated into three components: 1) invested in capital assets, net of related debt, 2) restricted assets, and 3) unrestricted assets. Operating statements for this fund present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Notes to the Financial Statements

All funds of the Authority are maintained on the modified accrual basis during the year; however the financial statements for the Authority have been reported on the accrual basis. Under this basis, revenues are recorded when earned and expenses are recorded when incurred. In converting from the modified accrual basis to the full accrual basis, the changes required may include adjustments for unpaid interest, depreciation, prepaid tenant rents, payments of principal on outstanding debt, and capital outlay.

As permitted, the City of Dogwood Housing Authority has elected to apply only the applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its operations.

Accounting Changes—New Accounting Pronouncements

In fiscal year 2004 the Authority implemented the following new accounting standards issued by GASB:

Statement 34, Basic Financial Statements—and Management’s Discussion and Analysis for State and Local Governments.

Statement 37, Basic Financial Statements—and Management’s Discussion and Analysis for State and Local Governments: Omnibus

Statement 38, Certain Financial Statement Note Disclosures

Statement 34, as amended by Statement 37, establishes new financial reporting requirements for state and local governments. It requires new information and also restructures much of the information that has historically been reported. The major restructuring is in the characterization of the equity accounts and changes in the presentation format. Statement 38 requires more detailed note disclosures when Statement 34 is implemented.

Note to Preparer: The above, or similar disclosures, should only be made in the year of implementing GASB Statement 34 and related statements.

E. Budgetary Data

The Authority maintains budgetary controls over all funds, as required by the Budget and Fiscal Control Act and the terms of the Authority’s annual contributions contract with HUD. An annual budget is adopted for all enterprise funds, except the Low Rent Housing Modernization Project Fund, which is a capital project fund. A multi-year budget is adopted for that fund. Expenditures may not legally exceed appropriations at the departmental level for the enterprise funds or at the object level for the capital project sub-fund. The management of the Authority may transfer appropriations within a fund up to \$1,000 without Board approval, except that all increases in appropriation to administration and capital expenditures must be approved by the Board. The budget was prepared on the modified accrual basis of accounting. The budget presented in these statements is the budget ordinance as amended through September 30th.

Notes to the Financial Statements

F. Assets, Liabilities, and Retained Earnings

Inter-Program Receivables and Payables

Inter-program receivables/payables are all classified as either current assets or current liabilities. They are the result of the Public Housing Authority being used as a common paymaster for shared costs of the Authority. Cash settlements are made monthly, and all inter-program balances are reconciled. Any amounts for these inter-program receivables and payables are only shown in the "Interfund" row in the government-wide statements in each fund column. These amounts offset each other and do not appear in the total column for the Authority.

Cash and Investments

All deposits of the Authority are made in board-designated official depositories and are secured as required by HUD regulations. The Authority may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Authority may establish time deposit accounts such as NOW and Super NOW accounts, money accounts and certificates of deposit.

Section 401(e) of the federal annual contribution contract authorizes the Authority to invest excess funds in instruments issued by or guaranteed by the federal government. The Authority practices this policy for all invested funds, regardless of source. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. Money market investments that have a maturity at the time of purchase of one year or less are carried at amortized cost.

As required by the annual contributions contract, the Authority prepares cash forecasts for each program to determine the amount of funds available for investment and to maximize investment earnings. During the fiscal year and at year-end, all cash was held in the form of interest bearing accounts. The deposits and certificates of deposit with an original maturity of three months or less are considered cash and cash equivalents for the Statement of Cash Flows.

Note to Preparer: If the Authority had held significant investments during the year or at year-end, refer to GASB Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, for more detailed reporting guidance.

Due from the United States Department of Housing and Urban Development

The amount due from HUD as of September 30, 2004 consisted of operating subsidy payments earned as of September 30th but not received as of that date.

Inventories

Inventories are recorded at the lower of cost or net realizable value using the First-In, First-Out (FIFO) method. The Authority's inventory consists mostly of expendable supplies that are recorded as an expense as it is consumed or sold.

Prepaid Items

Notes to the Financial Statements

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid.

Note to preparer: Inventories and Prepaid items are disclosed here for illustration only. If in professional judgment these amounts are immaterial, this information would not be required.

Capital Assets

Capital assets are recorded at historical cost at the date of acquisition. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. Minimum capitalization costs are as follows: land \$10,000, buildings, improvements, furniture and equipment \$5,000, and vehicles \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated on a straight-line basis over the following estimated useful life in years:

Buildings	30 years
Improvements	15 – 30 years
Furniture, fixtures and equipment	3 – 10 years
Automobiles and vehicles	5 years

Unearned Revenue

Unearned revenue consist of rental payments made by tenants in advance of their due date, and rental supplements to be paid to owners of private dwellings during the first month of the next fiscal year.

Note to Preparer: Unearned revenue should be disclosed in more detail if material or from several sources of revenues.

Home Ownership Funds Held for Tenants

This account represents the liability of the Authority for home equity and non-routine maintenance accounts held for tenants of the Home Ownership Program housing units. Home equity accounts will be refunded to the tenant when they purchase the housing unit or their lease is terminated. Non-routine maintenance accounts are refunded to tenants if the unit is purchased, but held by the Authority if the lease is terminated.

Compensated Absences

The City of Dogwood Housing Authority allows its full time employees to accumulate up to thirty days earned vacation leave, and such leave is fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The current portion of accumulated vacation pay and salary related payments are not considered to be material.

Notes to the Financial Statements

Employees can accumulate an unlimited amount of sick leave. Sick leave does not vest but the unused sick leave accumulated at the time of retirement may be used in the determination of the length of service for retirement benefits purposes. Since the Authority has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Long-Term Debt

Long-term debt consists of the following:

1. A \$450,000 project note with Dogwood Bank authorized in 2003, the proceeds of which were used to construct housing units for the Home Ownership Fund
2. A \$1,000,000 1992 project note to modernize the Low Rent Housing Program housing project.

Operating Revenues

Subsidies received from the Department of Housing and Urban Development or other grantor agencies for operating purposes, are recorded as operating revenues. Those that are received for capital purposes, are recorded as a capital contribution.

Net Assets

Net assets are classified into three parts; as invested in capital assets-net of related debt, restricted, and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed (as by creditors, grantors, contributors, or laws or regulations of other governments), or imposed by the law.

II. Stewardship, Compliance, and Accountability

- A. Material Violations of Finance-Related Legal and Contractual Provisions
Noncompliance with North Carolina Statutes

Note to Preparer: Material instances of noncompliance with the fiscal and budgetary requirements of the General Statutes should be disclosed in this section along with a corrective action plan, per GASB 38. Immaterial instances of noncompliance could be summarized in the management letter. See G.S. 159-42 for those portions of the Local Government Budget & Fiscal Control Act applicable to public housing authorities.

Contractual Violations

Note to Preparer: Material contractual violations of lease arrangements or other contractual agreements should be disclosed in this section. A corrective action plan should be included for each disclosure.

Notes to the Financial Statements

B. Deficit Net Assets of Individual Funds

Note to Preparer: Any individual funds not shown due to consolidation with deficit net assets should be disclosed along with a corrective action plan.

C. Excess of Expenditures over Budget

	<u>Budgeted amount</u>	<u>Actual expenditure</u>	<u>Over spent</u>
Home Ownership Fund			
Ordinary Maintenance	\$2,000	\$2,106	\$106

Note to Preparer: Disclose any excess of expenditures over appropriations at the legal level of budgetary control and a corrective action plan for those individual funds that adopt annual budgets.

III. Detailed Notes on All Funds

A. Assets

Cash and cash equivalents

The Authority's deposits are either insured or are collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agent in the Authority's name. At the year-end, the Authority's deposits had a carrying amount of \$351,720 and a bank balance of \$352,975. Of the bank balance \$100,000 was covered by federal depository insurance and \$252,975 was covered by collateral held under the dedicated method. The Authority has \$100 cash on hand at September 30, 2004.

Note to Preparer: HUD regulations prohibit public housing authorities from collateralizing deposits under the Pooling method.

Investments

The investments of the Authority are categorized to give an indication of the level of custodial risk assumed by each of these entities at year-end. Column A includes investments that are insured or registered or for which the securities are held by the Authority, or its agent(s) in the Authority's name. Column B includes uninsured and unregistered investments for which the securities are held by the counter-party's trust department or agent in the Authority's name. Column C includes uninsured and unregistered investments for which the securities are held by the counter-party, or its trust department or agent, but not in the Authority's name.

Notes to the Financial Statements

	Categories			Reported	Fair
	A	B	C	Value	Value
US Govt. Securities	\$20,000	-0-	-0-	\$20,000	\$20,000
	<u>\$20,000</u>	<u>-0-</u>	<u>-0-</u>	<u>\$20,000</u>	<u>\$20,000</u>

Due from U.S. Department of HUD

The following amounts were due from HUD at September 30, 2004:

	Low Rent Housing Fund	Section 8 Housing Assistance Payments Fund	Home Ownership Fund	Total
Operating subsidies earned but not realized at year-end	26,500	870	3,250	30,620
	<u>\$26,500</u>	<u>\$870</u>	<u>\$3,250</u>	<u>\$30,620</u>

Changes in Capital Assets

The capital assets of the City of Dogwood Housing Authority at September 30, 2004 consisted of the following:

Description	Balance at 9/30/2003	Increases	Decreases	Balance at 9/30/2004
Capital assets not being depreciated:				
Land	\$ 150,000	\$ 50,000	-	\$ 200,000
Construction in progress	175,000	225,000	-	400,000
Total capital assets not being depreciated	325,000	275,000	-	600,000
Capital assets being depreciated:				
Buildings & Improvements	5,795,000	200,000	-	5,995,000
Leasehold Improvements	1,310,000	40,000	-	1,350,000
Furniture and Equipment	320,187	30,000	10,000	340,187
Total capital assets being depreciated	7,425,187	270,000	10,000	7,685,187
Less accumulated depreciation for:				
Buildings & Improvements	(1,836,049)	(173,060)	5,183	(2,014,292)
Leasehold Improvements	(397,919)	(55,675)	-	(453,594)
Furniture & Equipment	(85,006)	(29,295)	-	(114,301)
Total accumulated depreciation	(2,318,974)	(258,030)	5,183	(2,582,187)
Total capital assets being depreciated, net	5,106,213	11,970	4,817	5,103,000
Total capital assets, net	<u>\$5,431,213</u>	<u>286,970</u>	<u>15,183</u>	<u>\$5,703,000</u>
B. Liabilities				

Notes to the Financial Statements

Pension Plan Obligation

Local Governmental Employees' Retirement System

Plan Description: The City of Dogwood Housing Authority contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling telephone 919-981-5454.

Funding Policy: Plan members are required to contribute six percent of their annual covered salary. The City of Dogwood Housing Authority is required to contribute at an actuarially determined rate. The current rate is _____% of annual covered payroll. The contribution requirements of members and of the City of Dogwood Housing Authority are established and may be amended by the North Carolina General Assembly. The Housing Authority's contribution to LGERS for the years ended September 30, 2004, 2003 and 2002 were \$_____, \$_____, and \$_____, respectively, equal to the required contributions for each year.

Post employment Benefits

In addition to providing pension benefits, the City of Dogwood Housing Authority has elected to provide health care benefits to retirees of the Authority who participate in the North Carolina Local Government Employees' Retirement System (System) and have at least five years of creditable service with the Authority. The Authority pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the Authority's group rates. Currently, _____ retirees are eligible for postretirement health benefits. For the fiscal year ended September 30, 2004, the Authority made payments for post-retirement health benefit premiums of \$_____. The Authority participates in a self-funded risk-financing pool administered by the North Carolina League of Municipalities.

Note to Preparer: PHAs may provide employee pensions through other arrangements. The pension and OPEB note disclosures should be adjusted to reflect the actual pension arrangements.

Long-Term Debt

On April 1, 2003, the Authority received a loan of \$450,000 at 5.0% from Dogwood Bank to construct housing units for the Home Ownership Program. Payments of \$43,354 for principal and accrued interest are due April 1, 2005 and each April 1st thereafter. The note will be fully retired in fifteen years or by April 1, 2019. The assets of the Authority are pledged as collateral against the outstanding debt.

On October 1, 1992, a permanent project note in the amount of \$1,000,000 was sold to HUD to modernize the Low Rent Housing Program housing project. The note bears interest at the rate of 6% annually, and is to be fully retired on October 1, 2012. Payments of \$87,185 for principal and accrued interest are due each October 1st. The assets of the Authority are pledged as collateral against the outstanding debt.

Notes to the Financial Statements

Annual debt service requirements to maturity on long-term debt are as follows:

Fiscal Year Ending September 30,	Principal: 2003 Project Note of \$450,000	Principal: 1992 Project Note of \$1,000,000	Total Interest	Total Principal and Interest
2005	\$ 20,854	\$ 48,683	\$ 61,001	\$ 130,538
2006	21,897	51,604	57,037	130,538
2007	22,992	54,701	52,846	130,539
2008	24,141	57,983	48,415	130,539
2009	25,348	61,462	43,729	130,539
2010 - 2014	147,068	367,253	138,372	652,693
2015 - 2019	187,700	-----	29,070	216,770
Total	\$ 450,000	\$ 641,686	\$ 430,470	\$ 1,522,156

Conduit Debt

Debt related to the original acquisition and later modernization of the public housing developments in funded, guaranteed and serviced by the United States Department of Housing and Urban Development (HUD). This obligation does not constitute a debt or pledge of the faith and credit of the Authority and accordingly, has not been reported in the accompanying financial statements.

HUD no longer provides the Authority with debt service information because the Authority has no obligation for this debt. The original amount issued was a total of \$7,440,000.

Note to the preparer: Interpretation 2 of the GASB, Disclosure of Conduit Debt Obligations, requires certain disclosures for transactions that meet the definition of conduit debt. PHAs should disclose that information which they have available.

C. Segment Information

Note to Preparer: See paragraph 122 of GASB Stmt 34. Segment information should be included if outstanding debt is backed by revenue streams from any of the Authority's segments. In our example, we assume no revenues are pledged to back the outstanding debt.

D. Related Party Transactions

Note to preparer: Disclose significant transactions with elected officials, employees, and related organizations. Disclosures should include the nature of the relationship, descriptions and dollar amounts of the transactions, amounts due to or from related parties, etc.

E. Risk Management

Notes to the Financial Statements

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Authority has worker's compensation coverage up to statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims in excess of \$250,000 for worker's compensation, up to \$5 million limit and reinsured for annual employee health claims in excess of \$150,000.

The Authority carries commercial insurance against all other risks of loss, including property and general liability insurance. There have been no significant reductions in insurance coverage in the prior year, and settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

F. Claims and Judgments

At September 30, 2004, the Authority was a defendant to various lawsuits; however, no provision was made in the audited financial statements for any contingent liabilities. In the opinion of management and the Authority attorney, the ultimate outcome of these legal matters will not have a materially adverse effect on the Authority's financial position.

Note to Preparer: Disclose events that occur between the end of the period covered by the financial statements and the statement completion date (end of fieldwork) that have a significant effect on the Authority.

Supplementary Information

This section contains additional information required by generally accepted accounting principles, the US Dept of Housing and Urban Development and/or included to demonstrate compliance with North Carolina General Statutes.

Note to the preparer: The illustrative financial statements show only one non-major fund. If there are two or more non-major funds, then a combining balance sheet or combining statement of net assets should be inserted following this page. A combining statement of revenues, expenses and changes in fund net assets, as well as a combining statement of cash flows for the individual non-major funds, should also be inserted.

A budget to actual statement should be included for all funds which adopt a budget. These statements demonstrate compliance with NC General Statutes 159-42(c) and (d).

City of Dogwood Housing Authority
Low Rent Housing Fund
Schedule of Revenues and Expenditures - Budget to Actual (NON-GAAP)
ACC # - ZZZ1
For The Year Ended September 30, 2004

	2004		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating revenues:			
Dwelling rental		\$ 131,400	
Excess utilities		1,700	
Non-dwelling rental		500	
HUD operating grant		318,000	
Total operating revenues	135,400	451,600	316,200
Operating expenditures:			
Administration:			
Salaries and employee benefits		34,001	
Staff training		3,410	
Supplies		1,400	
Travel		300	
Accounting and auditing fees		6,000	
Total administration	45,500	45,111	389
Tenant services:			
Contracted services		2,103	
Supplies		605	
Total tenant services	2,800	2,708	92
Utilities:			
Telephone		1,900	
Electricity		43,623	
Water		6,200	
Total utilities	52,000	51,723	277
Ordinary maintenance:			
Salaries and employee benefits		20,880	
Materials		15,770	
Contracted service		5,105	
Total ordinary maintenance	42,000	41,755	245
Protective Services:			
Contracted services		3,050	
Material		450	
Total protective services	3,700	3,500	200

City of Dogwood Housing Authority
Low Rent Housing Fund
Schedule of Revenues and Expenditures - Budget to Actual (NON-GAAP)
ACC # - ZZZ1
For The Year Ended September 30, 2004

(continued)

	<u>2004</u>		
General expense:			
Payment in lieu of taxes		1,090	
Insurance		22,001	
Collection losses		1,100	
Total general expense	<u>24,200</u>	<u>24,191</u>	<u>9</u>
Non-routine maintenance:			
Extraordinary maintenance		3,751	
Casualty losses		2,372	
Total non-routine maintenance	<u>8,200</u>	<u>6,123</u>	<u>2,077</u>
Total operating expenditures	<u>178,400</u>	<u>175,111</u>	<u>3,289</u>
Net operating income (loss)	<u>(43,000)</u>	<u>276,489</u>	<u>319,489</u>
Other revenues (expenditures):			
Interest expense		(32,484)	
Interest income		1,300	1,300
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ 245,305</u>	<u>245,305</u>
Reconciliation of modified accrual basis net income to full accrual basis net income:			
Revenue over expenditures - operating fund (as above)		<u>\$ 245,305</u>	
Depreciation expense		(245,000)	
Increase in accrued annual leave		<u>(300)</u>	
Change in net assets - full accrual basis (Exhibit B)		<u>\$ 5</u>	

City of Dogwood Housing Authority
Section 8 Housing Assistance Payments
Schedule of Revenues and Expenditures - Budget to Actual (NON-GAAP)
ACC # - ZZZZ
For The Year Ended September 30, 2004

	2004		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating revenues:			
Operating subsidy - HUD		76,638	
Total operating revenues	<u>78,900</u>	<u>76,638</u>	<u>(2,262)</u>
Operating expenditures:			
Administration:			
Salaries and employee benefits		7,740	
Supplies		110	
Accounting and auditing fees		400	
Total administration	<u>8,700</u>	<u>8,250</u>	<u>450</u>
Utilities:			
Telephone		340	
Electricity		200	
Water		60	
Total utilities	<u>700</u>	<u>600</u>	<u>100</u>
Ordinary maintenance:			
Materials		75	
Contracted services		875	
Total ordinary maintenance	<u>1,000</u>	<u>950</u>	<u>50</u>
General expense:			
Insurance		910	
Total general expense	<u>1,000</u>	<u>910</u>	<u>90</u>
Housing assistance payments	<u>66,000</u>	<u>65,890</u>	<u>110</u>
Total operating expenditures	<u>77,400</u>	<u>76,600</u>	<u>800</u>
Nonoperating revenue (expenditures)			
Interest income	<u>100</u>	<u>38</u>	<u>(62)</u>
Revenue over (under) expenditures	<u>\$ 1,600</u>	<u>\$ 38</u>	<u>\$ (1,524)</u>
Reconciliation of modified accrual basis net income to full accrual basis net income:			
Revenue over expenditures - modified accrual basis		\$ 38	
Depreciation		(3,400)	
Increase in accrued annual leave		(150)	
Change in net assets - full accrual basis (Exhibit B)		<u>\$ (3,512)</u>	

City of Dogwood Housing Authority
Low Rent Housing Modernization Fund
Schedule of Revenues and Expenditures - Budget to Actual (NON-GAAP)
 ACC # ZZZ1
 From Inception and For The Year Ended September 30, 2004

	Project Budget	Prior Years	Current Year	Total To Date	Variance Favorable (Unfavorable)
Revenues:					
HUD Capital Grants	\$ 500,000	\$ -	\$ 440,000	\$ 440,000	\$ (60,000)
Expenditures:					
Building improvements	870,000	450,000	400,000	850,000	20,000
Purchase of equipment	80,000	-	20,000	20,000	60,000
Total	<u>950,000</u>	<u>450,000</u>	<u>420,000</u>	<u>870,000</u>	<u>80,000</u>
Other financing sources:					
Amounts received from debt issuance	450,000	450,000	-	450,000	-
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
Revenue over expenditures			<u>\$ 20,000</u>		
Capital expenditures capitalized			420,000		
Depreciation expense			<u>(6,255)</u>		
Change in net assets (Exhibit B)			<u>\$ 433,745</u>		

City of Dogwood Housing Authority
Home Ownership Fund
Schedule of Revenues and Expenditures - Budget to Actual (NON-GAAP)
ACC # - ZZZ1
For The Year Ended September 30, 2004

	2004		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating revenues:			
Dwelling rental		\$ 12,600	
Operating subsidy - HUD		38,975	
Total operating revenues	21,000	51,575	30,575
Operating expenditures:			
Administration:			
Salaries and employee benefits		13,060	
Supplies		500	
Accounting and auditing fees		2,000	
Total administration	15,700	15,560	140
Tenant services:			
Contracted services		550	
Supplies		57	
Total tenant services	700	607	93
Utilities:			
Telephone		178	
Electricity		300	
Water		75	
Total utilities	600	553	47
Ordinary maintenance:			
Salaries and employee benefits		1,800	
Materials		306	
Total ordinary maintenance	2,000	2,106	(106)
General expense:			
Payment in lieu of taxes		914	
Insurance		1,000	
Total general expense	2,000	1,914	86
Total operating expenditures	21,000	20,740	260
Net operating loss	-	30,835	30,835
Other revenue (expenditures)			
Interest income		100	
Interest expenditures		(21,979)	

Nonoperating revenue (expenditures)	<u>(8,000)</u>	<u>(21,879)</u>	<u>(13,879)</u>
Revenue over expenditures	<u>\$ (8,000)</u>	<u>\$ 8,956</u>	<u>\$ 16,956</u>

Reconciliation of modified accrual basis net income to full accrual basis net income:

Revenue over expenditures - modified accrual basis	\$ 8,956
Depreciation expense	(3,375)
Decrease in receivables	(150)
Loss on disposition of assets	<u>(4,817)</u>
Change in net assets - full accrual basis (Exhibit B)	<u>\$ 614</u>

City of Dogwood Housing Authority
Statement and Certification of Actual Modernization Costs
Low Rent Housing Fund
Annual Contributions Contract ACC - #ZZZ1
For the Year Ended September 30, 2004

1. The actual modernization costs of AB-XYZ are as follows:

	<u>Project XX</u>	<u>Total</u>
Funds approved	\$ 25,000	\$ 25,000
Funds expended	<u>25,000</u>	<u>25,000</u>
Excess (deficiency) of funds approved	<u>\$ -</u>	<u>\$ -</u>
Funds advanced HUD grants	\$ 25,000	\$ 25,000
Funds expended	<u>25,000</u>	<u>25,000</u>
Excess (deficiency) of funds advanced	<u>\$ -</u>	<u>\$ -</u>

2. Costs audited during the current audit period totaled \$2,597.
3. All costs have been paid and all related liabilities have been discharged through payment.
4. The Actual Modernization Cost Certificate, filed with HUD is in agreement with the Authority's records.

Note to Preparer: Please check with the Real Estate Assessment Center of the Department of Housing and Urban Development for the most recent guidance for reporting this information for public housing authorities.

Financial Data Schedule

The Financial Data Schedule (FDS), a Department of Housing and Urban Development required document, should be inserted at this point. The staff of the LGC will look for this document as evidence of compliance with federal guidelines. The data in the schedule will typically be used only to resolve differences noted during other review procedures.

(Note to the preparer: The preparer should be sure to check the web site of the Real Estate Assessment Center (REAC) for the most recent version of the FDS and guidance on the correct classification of financial data on the FDS.

www.hud.gov/reac/reafin.html
