

**HOUSING AUTHORITY
OF THE TOWN OF RUSTON
Ruston, Louisiana**

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

YEAR ENDED JUNE 30, 2016

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**HOUSING AUTHORITY
OF THE TOWN OF RUSTON
Ruston, Louisiana**

**REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2016



**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION
AND OTHER INFORMATION – STATE OR LOCAL GOVERNMENTAL ENTITY
INDEPENDENT AUDITORS' REPORT**

Board of Commissioners
Housing Authority of the Town of Ruston
Ruston, Louisiana 71723

HUD – New Orleans Office
501 Magazine 9th Floor
New Orleans, Louisiana 70130

Report on Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Town of Ruston as of and for the year ended June 30, 2016, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Town of Ruston, as of June 30, 2016, and the respective changes in financial position and, where appropriate, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Housing Authority of the Town of Ruston. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Uniform Guidance, as well as the Financial Data Schedules required by the U.S. Department of Housing and Urban Development, and the Schedule of Expenditures of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Office, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Lawrenceville, Georgia
November 30, 2016

**HOUSING AUTHORITY
OF THE TOWN OF RUSTON
Ruston, Louisiana**

MANAGEMENT DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2016

HOUSING AUTHORITY OF THE TOWN OF RUSTON MANAGEMENT'S DISCUSSION & ANALYSIS FISCAL YEAR ENDED JUNE 30, 2016

The management of The Housing Authority of the Town of Ruston offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended June 30, 2016. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual program issues or concerns. Readers should consider the information presented here in conjunction with the Authority's financial statements to obtain a full understanding of its financial position.

This management's discussion and analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) to allow the reader to gain an adequate understanding of the Authority's annual operating results and financial position as of June 30, 2016.

Questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority's Executive Director.

Financial Highlights

- The Authority's net position decreased by \$108,130 or 1.73% due to depreciation expense. Since the Authority engages only in business-type activities, the decrease is in the category of business-type net position. Net position was \$6,150,890 and \$6,259,020 for FY 2016 and FY 2015, respectively.
- The Authority's cash and investments balance as of June 30, 2016 was \$1,596,737 representing an increase of \$196,130 from June 30, 2015.
- The Authority had total revenues of \$2,231,997 and total expenses of \$2,340,127 for the year ended June 30, 2016.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Authority report information using accounting methods similar to those used by private sector companies (Enterprise Fund).

The Statement of Net Position (Balance Sheet) includes all of the Authority's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Authority creditors. It also provides a basis of assessing the liquidity and

financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating.

The current year's revenues, expenses, and changes in net position are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past fiscal year.

The purpose of the Statement of Cash Flows is to provide information about the Authority's cash receipts and disbursements during the reporting period. The statement reports net changes in cash resulting from operations.

FINANCIAL ANALYSIS OF THE AUTHORITY

One question frequently asked about an Authority's finances is "Did the Authority's operations and financial position improve or deteriorate over the previous fiscal year?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities and are summarized in the following sections.

To begin our analysis, a summary of the Authority's Statement of Net Position is presented in Table I, which follows.

| Housing Authority of the Town of Ruston Comparative Statement of Net Position TABLE I | | | | | |
|---|---------------------|---------------------|---------------------|---------------|--|
| | 2016 | 2015 | Total Change | % Change | |
| Current Assets | \$ 1,917,843 | \$ 1,701,396 | \$ 216,447 | 12.72% | |
| Capital Assets | 4,523,318 | 4,841,671 | (318,353) | -6.58% | |
| Total Assets | \$ 6,441,161 | \$ 6,543,067 | \$ (101,906) | -1.56% | |
| Current Liabilities | \$ 249,435 | \$ 141,326 | \$ 108,109 | 76.50% | |
| Noncurrent Liabilities | 40,836 | 142,721 | (101,885) | -71.39% | |
| Total Liabilities | 290,271 | 284,047 | 6,224 | 2.19% | |
| Net Investment in Capital Assets | 4,434,100 | 4,747,206 | (313,106) | -6.60% | |
| Unrestricted | 1,716,790 | 1,511,814 | 204,976 | 13.56% | |
| Total Net Position | 6,150,890 | 6,259,020 | (108,130) | -1.73% | |
| Total Liabilities & Net Position | \$ 6,441,161 | \$ 6,543,067 | \$ (101,906) | -1.56% | |

Total assets decreased by \$101,906 or 1.56%. This was a result of decreases in capital assets of \$318,353 due to depreciation expense. This amount was offset by increases in current assets of \$216,447 or 12.72% due to increases in cash and investments of \$196,130 or 14.0% and an increase in accounts receivable of \$14,772 or 10.99%. Of this amount, \$9,224 was an increase in Tenants Accounts Receivable, due to an increase in delinquent accounts.

Total liabilities increased by \$6,224 or 2.19% compared to the prior year. Current liabilities increased by \$108,109 or 76.5% while noncurrent liabilities decreased by \$101,885 or 71.39%. The increase in current liabilities was primarily due to increases in the current portion of long-term debt, as the entire outstanding loan amount is now considered current. Consequently, this is also the cause of the decrease in noncurrent liabilities. Other increases in current liabilities include \$26,397 or 57.1% in accounts payable, \$1,316 or 11.03% in accrued payroll expenses, and \$220 or 3.69% in unearned revenues. All of these increases were due to normal timing/reporting differences.

As illustrated in the above Comparative Statement of Net Position, the overall Net Position of the Authority decreased by \$108,130 or 1.73%. Unrestricted Net Position increased by \$204,976 or 13.56%, representing an increase in net working capital and available resources for future programs and expenditures. Net Investment in Capital Assets decreased by \$313,106 or 6.60%. This change was due to current period depreciation expense exceeding capital asset additions.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position breaks down our revenues and expenses further. Table II, which follows, provides a comparative statement of these changes. Table III provides a Statement of Revenues, Expenses, and Changes in Net Position by program.

Housing Authority of the Town of Ruston
Comparative Statement of Revenues, Expenses, and Changes in Net Position
TABLE II

| | <u>2016</u> | <u>2015</u> | <u>Total Change</u> | <u>% Change</u> |
|----------------------------|----------------------------|----------------------------|----------------------------|-----------------|
| Tenant Revenue | \$ 1,060,309 | \$ 969,418 | \$ 90,891 | 9.38% |
| Grant Funding | 1,085,566 | 1,392,079 | (306,513) | -22.02% |
| Interest Income | 3,249 | 6,210 | (2,961) | -47.68% |
| Other Income | 82,873 | 214,847 | (131,974) | -61.43% |
| Total Revenue | <u>2,231,997</u> | <u>2,582,554</u> | <u>(350,557)</u> | -13.57% |
| Administration | 409,142 | 428,086 | (18,944) | -4.43% |
| Tenant Services | 105,628 | 100,056 | 5,572 | 5.57% |
| Utilities | 271,978 | 280,079 | (8,101) | -2.89% |
| Maintenance | 932,922 | 910,630 | 22,292 | 2.45% |
| General | 172,029 | 160,141 | 11,888 | 7.42% |
| Interest | 4,716 | 4,270 | 446 | 10.44% |
| Depreciation | 443,712 | 238,246 | 205,466 | 86.24% |
| Total Expenses | <u>2,340,127</u> | <u>2,121,508</u> | <u>218,619</u> | 10.30% |
| Change in Net Position | (108,130) | 461,046 | (569,176) | -123.45% |
| Beginning Net Position | 6,259,020 | 5,797,974 | 461,046 | 7.95% |
| Ending Net Position | <u>\$ 6,150,890</u> | <u>\$ 6,259,020</u> | <u>\$ (108,130)</u> | -1.73% |

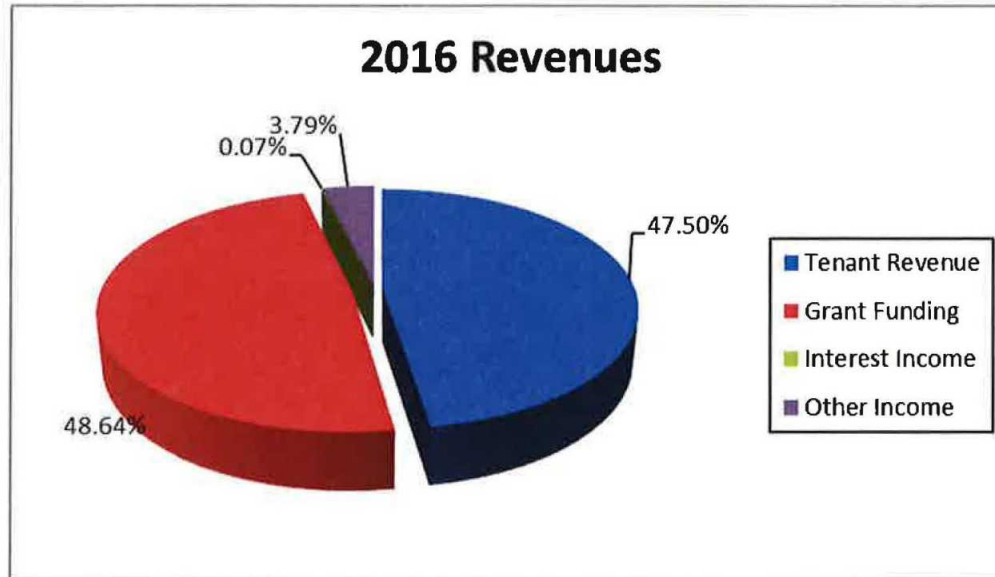
Housing Authority of the Town of Ruston
Statement of Revenues, Expenses, and Changes in Net Position - By Program
For Year Ended June 30, 2016

TABLE III

| | Public & Indian Housing | Central Office | Business Type Activity | Eliminations | Total |
|-------------------------------|-------------------------------|-------------------|---------------------------|------------------|---------------------|
| Tenant Revenue | \$ 1,035,277 | \$ - | \$ 25,032 | \$ - | \$ 1,060,309 |
| Grant Funding | 1,085,566 | - | - | - | 1,085,566 |
| Interest Income | 970 | 1,656 | 623 | - | 3,249 |
| Other Income | (2,596) | 289,780 | 85,468 | (289,779) | 82,873 |
| Total Revenue | 2,119,217 | 291,436 | 111,123 | (289,779) | 2,231,997 |
| Administration | 444,275 | 213,326 | 5,320 | (253,779) | 409,142 |
| Asset Management | 36,000 | - | - | (36,000) | - |
| Tenant Services | 105,628 | - | - | - | 105,628 |
| Utilities | 271,978 | - | - | - | 271,978 |
| Maintenance | 887,359 | - | 45,563 | - | 932,922 |
| General | 162,612 | 7,283 | 2,134 | - | 172,029 |
| Interest | - | - | 4,716 | - | 4,716 |
| Depreciation | 439,925 | - | 3,787 | - | 443,712 |
| Total Expenses | 2,347,777 | 220,609 | 61,520 | (289,779) | 2,340,127 |
| Change in Net Position | (228,560) | 70,827 | 49,603 | - | (108,130) |
| Transfer of Funds | 265,000 | (265,000) | - | - | - |
| Beginning Net Position | 5,161,331 | 721,364 | 376,325 | - | 6,259,020 |
| Ending Net Position | \$ 5,197,771 | \$ 527,191 | \$ 425,928 | \$ - | \$ 6,150,890 |

REVENUES

In reviewing the Statement of Revenues, Expenses, and Changes in Net Position, you will find that 48.64% of the Authority's revenues are derived from grants from the Department of Housing and Urban Development. The Authority receives revenue from tenants for dwelling rental charges, excess utilities, and miscellaneous charges which account for 47.50% of total revenue. Other Revenue, including Interest from Investments, and Property, Grant, and Asset Management Fees to the Central office comprises the remaining 3.86%. Compared to the Fiscal Year Ended June 30, 2015, revenues showed an overall decrease of \$350,557 or 13.57%.



Tenant Revenue - Tenant Revenue increased from \$969,418 to \$1,060,309, an increase of \$90,891 or 9.38%. Dwelling rent revenue typically changes in relation to changes in the number of working family tenants and changes in dwelling unit occupancy.

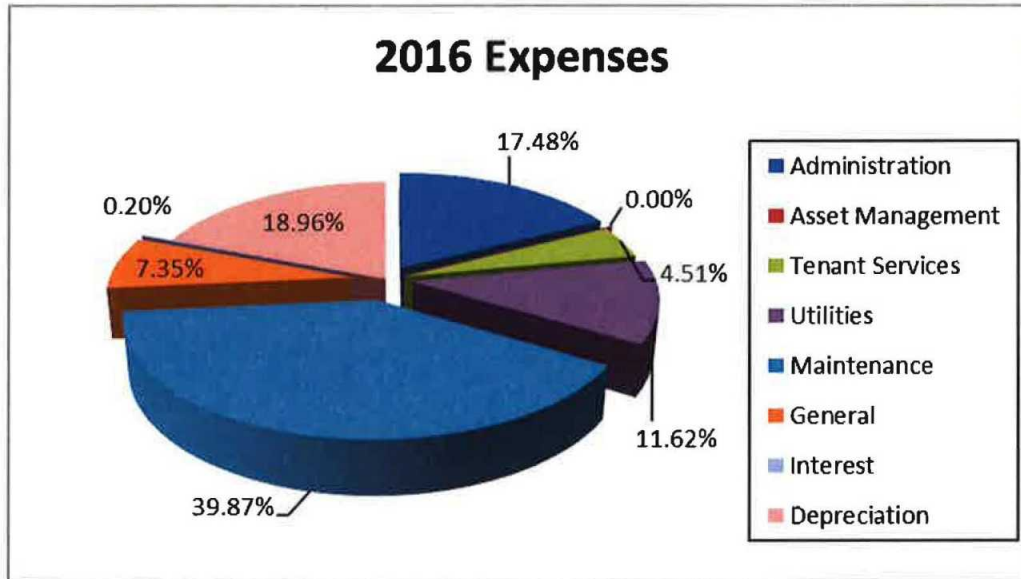
Program Grants/Subsidies - The Authority experienced a decrease of \$306,513 or 22.02% in Grant Funding from \$1,392,079 in FY2015 to \$1,085,566 in FY2016. The primary reason for change is the decreased activity in Capital Fund grants which can be expended and earned over several years. The Capital Fund Program ordinarily remains fairly consistent from program year to program year. Capital fund grants decreased by \$343,628 or 59.98% compared to the previous year as more capital fund projects were undertaken. Public Housing operating subsidy revenue for this year increased by \$37,115 or 4.53%, due to improved funding levels from HUD.

Interest Income - Interest income decreased by \$2,961 or 47.68%.

Other Income - Other income decreased by \$131,974 or 61.43% which was primarily due to decreases in the level of work done for Farmerville Housing Authority and other managed entities, reflected in the Business Type Activities fund, and \$7,105 in losses on the sale of disposed capital assets.

EXPENSES

The Housing Authority of the Town of Ruston experienced an increase in expenses for the current year from \$2,121,508 to \$2,340,127, an increase of \$218,619 or 10.30%.



The highlights of changes in expenses for the current year are as follows:

Administrative - Administrative costs include all non-maintenance and non-resident service personnel costs (including benefits and accrued leave), legal costs, auditing costs, travel and training costs, and other administrative costs such as supplies, telephone expense, etc. Compared to 2015, administrative costs decreased by \$18,944 or 4.43%. This was due to decreases in most categories.

Tenant Services - Tenant services costs include all costs incurred by the Authority to provide social services to the residents. Tenant Services costs increased from \$100,056 to \$105,628, an increase of \$5,572 or 5.57%.

Utilities - The total utilities expense for the Authority decreased by \$8,101 or 2.89%. This decrease was due to the decreased electrical costs of \$11,347 or 5.61% and decreased gas costs of \$2,841 or 37.30% due to decreased consumption.

Maintenance - Maintenance costs are all costs incurred by the Authority to maintain its Public Housing units in a safe and sanitary manner. Costs include personnel costs, materials used to maintain the units, contracts for waste management and telephone/radio service, etc. Maintenance expenses for the Authority increased from \$910,630 to \$932,922, an increase of \$22,292 or 2.45%.

General Expenses - General expenses include insurance costs, property taxes, compensated absences and collection losses. General expenses for the Authority increased from \$160,141 to \$172,029, an increase of \$11,888 primarily due to the increase in compensated absences expense of \$22,388 or 100% due to the correct allocation of this expense in the current year.

Interest Expense - Interest expense on capital notes increased by \$446 or 10.44% due to the normal amortization of the outstanding capital loan.

CAPITAL ASSETS

As of June 30, 2016, the Authority experienced a decrease in its capital assets of \$318,353 or 6.58% to \$4,523,318. The following chart illustrates the Capital Asset values for 2015 and 2016.

**Housing Authority of the Town of Ruston
Comparative Statement of Capital Assets
TABLE IV**

| | 2016 | 2015 | Total Change | % Change |
|-----------------------------|----------------------------|----------------------------|----------------------------|----------------------|
| Land | \$ 67,146 | \$ 67,146 | \$ - | 0.00% |
| Buildings & improvements | 13,566,398 | 12,779,087 | 787,311 | 6.16% |
| Equipment | 478,340 | 397,433 | 80,907 | 20.36% |
| Construction in Progress | - | 754,178 | (754,178) | -100.00% |
| | <u>14,111,884</u> | <u>13,997,844</u> | <u>114,040</u> | <u>0.81%</u> |
| Accumulated Depreciation | <u>(9,588,566)</u> | <u>(9,156,173)</u> | <u>(432,393)</u> | <u>4.72%</u> |
| Total Capital Assets | <u>\$ 4,523,318</u> | <u>\$ 4,841,671</u> | <u>\$ (318,353)</u> | <u>-6.58%</u> |

Major changes in the capital asset accounts are summarized below:

| | |
|---|-------------------------|
| Balance at July 1, 2015 | \$ 4,841,671 |
| Current period additions – capital fund | 132,464 |
| Dispositions | (7,105) |
| Current period depreciation expense | <u>(443,712)</u> |
| Balance at June 30, 2016 | <u>\$ 4,523,318</u> |

The change in Capital Assets was due to capital asset additions from the Capital Fund program of \$132,464 which were offset by current depreciation expense of \$443,712 and dispositions of \$7,105.

DEBT OBLIGATIONS

The Ruston Community Corporation (Business Activities) refinanced an existing debt obligation with the Bank of Ruston on October 11, 2013, which was for the acquisition of certain real property. The obligation is secured by a first mortgage deed and bears interest at a rate of 5.00% per annum. Monthly payments including principal and interest total \$820 with a balloon payment due at maturity on September 19, 2016, and the Authority plans to refinance this obligation into another long-term instrument at that time. The activity for the year is shown in the accompanying notes to the financial statements. The outstanding balance as of June 30, 2016 was \$89,218, all of which is classified as a current liability.

ECONOMIC FACTORS

Several significant economic factors affecting the Housing Authority are as follows:

- Congressional funding of the Department of Housing and Urban Development, including potential “subsidy allocation adjustments.”
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Health care and other insurance costs are expected to increase dramatically over the next several years especially due to the Affordable Care Act.

CONCLUSIONS:

Overall, the Housing Authority of the Town of Ruston had a good year financially. Its management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

This financial report is designed to provide our residents, the citizens of Ruston, Louisiana, all federal and state regulatory bodies, and any creditors with a general overview of the Authority’s finances. If you have any questions regarding these financial statements or supplemental information, you may contact the Executive Director or Assistant Executive Director at (318) 255-3644, or address your correspondence to: Housing Authority of the Town of Ruston, P.O. Box 510, Ruston, LA 71270.

**HOUSING AUTHORITY
OF THE TOWN OF RUSTON
Ruston, Louisiana**

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Housing Authority of the Town of Ruston
Ruston, Louisiana

STATEMENT OF NET POSITION

JUNE 30, 2016

ASSETS

Current Assets

| | | |
|--|----|------------------|
| Cash & cash equivalents - unrestricted | \$ | 1,284,221 |
| Cash & cash equivalents - restricted | | 56,406 |
| Investments - unrestricted | | 256,110 |
| Accounts receivable | | 149,225 |
| Prepaid expenses | | 64,980 |
| Inventories | | <u>106,901</u> |
| Total Current Assets | | <u>1,917,843</u> |

Noncurrent Assets

Capital Assets:

| | | |
|--------------------------------|--|--------------------|
| Land | | 67,146 |
| Buildings & improvements | | 13,566,398 |
| Furniture & equipment | | <u>478,340</u> |
| | | 14,111,884 |
| Less: Accumulated depreciation | | <u>(9,588,566)</u> |
| Total Capital Assets | | <u>4,523,318</u> |
| Total Noncurrent Assets | | <u>4,523,318</u> |

TOTAL ASSETS \$ 6,441,161

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

LIABILITIES & NET POSITION

Current Liabilities

| | |
|--|--------------------|
| Accounts payable | \$ 72,628 |
| Accrued liabilities | 23,451 |
| Unearned revenue | 6,182 |
| Long-term debt - current portion | 89,218 |
| Tenant security deposits/escrow deposits | <u>57,956</u> |
| Total Current Liabilities | <u>249,435</u> |

Noncurrent Liabilities

| | |
|----------------------------------|--------------------|
| Accrued liabilities - noncurrent | <u>40,836</u> |
| Total Noncurrent Liabilities | <u>40,836</u> |
| TOTAL LIABILITIES | <u>290,271</u> |

Net Position

| | |
|--------------------------------------|-------------------------|
| Net investment in capital assets | 4,434,100 |
| Unrestricted | <u>1,716,790</u> |
| TOTAL NET POSITION | <u>6,150,890</u> |
| TOTAL LIABILITIES & NET POSITION | <u>\$ 6,441,161</u> |

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

Operating Revenues

| | | |
|--------------------------------|----|------------------|
| Tenant revenue | \$ | 1,060,309 |
| Governmental grants & subsidy | | 953,102 |
| Other income | | 89,978 |
| Total Operating Revenue | | 2,103,389 |

Operating Expenses

| | | |
|--------------------------------|--|------------------|
| Administration | | 409,142 |
| Tenant services | | 105,628 |
| Utilities | | 271,978 |
| Maintenance & operations | | 932,922 |
| General expense | | 172,029 |
| Depreciation expense | | 443,712 |
| Total Operating Expense | | 2,335,411 |

| | | |
|------------------------------------|--|------------------|
| Net Operating Income/(Loss) | | (232,022) |
|------------------------------------|--|------------------|

Nonoperating Revenues/(Expenses)

| | | |
|---------------------------------------|--|---------|
| Investment income | | 3,249 |
| Loss on disposition of capital assets | | (7,105) |
| Interest expense | | (4,716) |

| | | |
|---|--|----------------|
| Net Nonoperating Revenues/(Expenses) | | (8,572) |
|---|--|----------------|

| | | |
|--|--|------------------|
| Net Income/(Loss) before capital grants | | (240,594) |
|--|--|------------------|

| | | |
|----------------|--|---------|
| Capital grants | | 132,464 |
|----------------|--|---------|

| | | |
|--|--|------------------|
| Increase/(Decrease) in Net Position | | (108,130) |
|--|--|------------------|

| | | |
|--------------------------------|--|-----------|
| Total Net Position - beginning | | 6,259,020 |
|--------------------------------|--|-----------|

| | | |
|------------------------------------|-----------|------------------|
| Total Net Position - ending | \$ | 6,150,890 |
|------------------------------------|-----------|------------------|

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

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|--------------------|
| Receipts from customers and users | \$ 1,150,287 |
| Governmental grants & subsidy - operations | 953,102 |
| Payments to suppliers | (1,036,291) |
| Payments to employees | <u>(864,254)</u> |
| NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES | <u>202,844</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|------------------|
| Purchase of investments | (447) |
| Interest received | <u>3,249</u> |
| NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES | <u>2,802</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|--|--------------------|
| Governmental capital grant fund received | 132,464 |
| Additions to capital assets - capital funds | (132,464) |
| Interest paid | (4,716) |
| Payments on notes payable | <u>(5,247)</u> |
| NET CASH PROVIDED/(USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(9,963)</u> |

| | |
|--|-------------------------|
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 195,683 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | <u>1,144,944</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 1,340,627</u> |

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|-----------------------|
| Net Income/(Loss) from operations | \$ (232,022) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | |
| Depreciation | 443,712 |
| Decrease (Increase) in accounts receivable | (14,772) |
| Decrease (Increase) in prepaid expenses | 7,526 |
| Decrease (Increase) in inventory | (13,071) |
| Increase (Decrease) in accounts payable | 26,397 |
| Increase (Decrease) in accrued liabilities | (14,511) |
| Increase (Decrease) in unearned revenue | 220 |
| Increase (Decrease) in security/trust deposits | <u>(635)</u> |
| NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES | <u>\$ 202,844</u> |

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

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:

Organization - The Housing Authority of the Town of Ruston ("The Authority") is a Quasi governmental entity which was organized under the laws of the State of Louisiana, as a tax-exempt, quasi-government entity under the United States Housing Act of 1937. This Housing Authority was organized for the purpose of providing decent, safe and sanitary housing for low-income families. The Authority entered into Annual Contributions Contract No. FW-1074 with the Department of Housing and Urban Development for the purpose of financing unit construction and the retirement of debt.

Reporting Entity - In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include the following:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based upon the above criteria, all the operations of the Authority are included in these financial statements and there are no operations or component units, which have been excluded in this report.

Basis of Accounting:

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts, which include its assets, liabilities, fund equity, revenues and expenses/expenditures. Funds consist of three major categories: government, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

Proprietary Fund Types – This fund is used to account for the Authority’s ongoing activities that are similar to those often found in the private sector. The generally accepted accounting principles here are generally those applicable to similar businesses in the private sector; the accounting measurement focus is on determination of net income, financial position, and cash flows. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a Proprietary Fund’s activities are included on its Statement of Net Position. Proprietary Fund Net Position is segregated into Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. The following are the Authority’s Proprietary Fund Types:

Enterprise Fund – This fund is used to account for operations that are financed and operated in a manner similar to private businesses where the intent of the governing body is that the costs (expenditures, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenditures incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Authority operates the following programs in the Enterprise Fund:

1. Public and Indian Housing – The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income families and the elderly.
2. Public Housing Capital Fund Program – The objective of this program is to improve the physical condition of the Low Income Public Housing units and upgrade the management of the program.
3. Business Activities – The objective of this program is to acquire affordable housing property within the Ruston area. This program represents the activity of the Ruston Community Corporation.

Encumbrances - The Authority does not use encumbrance accounting.

Budgets - The Authority is required by its HUD Annual Contributions Contracts to adopt an annual budget for the Low Rent Housing Program included in the General Fund. Annual budgets are not required for capital projects funds as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval. Appropriations are authorized at the function level. Management may transfer budget authorizations between functions except that increases for administration and capital expenditures categories must be approved by HUD. All appropriations which are not used lapse at year end. Budgeted amounts are as originally adopted or as amended by the Board and approved by HUD.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

Other particulars related to balance sheet items include:

1. Cash and Investments:

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority. Investments are stated at cost which approximates market.

2. Buildings and Equipment:

Buildings and equipment are carried at historical costs. Donated assets are recorded at fair market value at the date of the donation. If the initial cost of the piece of equipment and/or other personal property is \$1,000 or more, and the anticipated life or useful value is more than one year, the same shall be capitalized. Depreciation of buildings and equipment is computed using the straight-line method at rates based on useful lives of 3 to 5 years for equipment, 15 years for leasehold improvements and 30 years for buildings.

3. Subsidies:

Operating grants and subsidy are recorded as operating revenue on the Statement of Revenues, Expenses, and Change in Net Position, while grants for capital improvements have been added to Net Position and are not shown as operating income.

4. Income Taxes:

The Housing Authority of the Town of Ruston is a Quasi governmental entity. The Authority is not subject to Federal or State income taxes.

5. Use of Estimates:

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

6. Compensation for Future Absences:

It is the policy of the Authority to accumulate earned but unused annual leave benefits which will be paid to employees upon separation from Authority service. A maximum of 30 days or 240 hours of unused leave time may be carried forward annually by each employee. Employees who separate from employment for any reason other than retirement shall forfeit all accrued sick leave.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

7. Accounts Receivable:

Collection losses are charged off against an allowance for doubtful accounts. The allowance account is adjusted annually to properly reflect the balance of net accounts receivable due.

8. Operating Revenue:

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the nonoperating revenue and expense.

9. New Accounting Pronouncements:

During fiscal year 2016, no new pronouncements were implemented.

NOTE B - CASH AND INVESTMENTS:

All the deposits of the Housing Authority of the Town of Ruston are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Housing Authority of the Town of Ruston has no policy regarding custodial credit risk for deposits.

At June 30, 2016, the Authority's cash and cash equivalent deposits had a carrying amount of \$1,596,597 and bank balances of \$1,645,467. Of the bank balances held in various financial institutions, \$613,613 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. At June 30, 2016, the Authority's petty cash/change funds totaled \$140.

Investments - At June 30, 2016, the Authority's investment balances were as follows:

| Investment Type | Market Value | Maturity | Rating |
|-------------------------|---------------------|-----------------------|---------------|
| Certificates of Deposit | \$ 256,110 | Greater than 3 months | N/A |

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority typically limits its investment portfolio to maturities of 12 months or less.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

NOTE B - CASH AND INVESTMENTS: (Cont'd)

Credit risk - The Authority has no policy regarding credit risk.

Custodial credit risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All cash balances are in five banks and are fully collateralized at 100% and pledged securities are noted below. The Authority has no policy on custodial credit risk.

Concentration of credit risk - The Authority places no limit on the amount that it may invest in certificates of deposits. The Authority has no policy regarding credit risk.

The above balances are contained in the following types of accounts at various financial institutions.

Cash & Investments at June 30, 2016 are as follows:

| | |
|-------------------------|---------------------|
| Checking accounts | \$ 1,340,487 |
| Certificates of Deposit | 256,110 |
| Petty cash | <u>140</u> |
| | <u>\$ 1,596,737</u> |

Restricted Cash and Investments:

Rental deposits are reserved until refunded to the tenant or used to cover expenses upon departure. The tenant security deposit cash and liability balances are as follows:

| | |
|-------------------------------------|------------------|
| Tenant security deposit – cash | <u>\$ 56,406</u> |
| Tenant security deposit – liability | <u>\$ 57,956</u> |

Collateralization:

As of June 30, 2016 the following securities were pledged as collateral to secure the deposits of the Housing Authority of the Town of Ruston:

| Security | CUSIP | Maturity Date | Interest Rate | Market Value |
|------------------------------------|-----------|---------------|---------------|-------------------|
| Community Trust Bank | | | | |
| Caddo Parish LA GO | 127269GY8 | 03/01/26 | 3.000% | \$ 100,000 |
| Calcasieu Parish LA School Dist GO | 128506DX7 | 02/15/20 | 4.000% | 50,000 |
| Calcasieu Parish LA School Dist GO | 128506DX7 | 02/15/20 | 4.000% | 400,000 |
| Calcasieu Parish LA School Dist GO | 128506DX7 | 02/15/20 | 4.000% | 50,000 |
| FNMA POOL #AE7758 | 31419JTQ1 | 11/01/25 | 3.500% | <u>293,764</u> |
| | | | | <u>\$ 893,764</u> |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

NOTE C - ACCOUNTS RECEIVABLE AND ACCRUED RECEIVABLES:

Accounts Receivable and Accrued Receivables at June 30, 2016, consisted of the following:

| | |
|--|-------------------|
| Tenants Accounts Receivable (Net of Allowance - \$757) | \$ 14,508 |
| Accounts Receivable – HUD | 96,742 |
| Accounts Receivable – Other Government | 37,846 |
| Accrued Interest Receivable | <u>129</u> |
| | <u>\$ 149,225</u> |

NOTE D - PREPAID EXPENSES:

Prepaid expenses at June 30, 2016, consisted of the following:

| | |
|------------------------------|-------------------|
| Prepaid insurance & expenses | \$ 64,980 |
| Inventory materials | <u>106,901</u> |
| | <u>\$ 171,881</u> |

NOTE E - CAPITAL ASSETS:

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2016:

| | Beginning Balances | Additions/ Depreciation | Transfers/ Adjustments | Dispositions | Ending Balances |
|---|-----------------------|----------------------------|---------------------------|-----------------|---------------------|
| Enterprise Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 67,146 | \$ - | \$ - | \$ - | \$ 67,146 |
| Construction in progress | <u>754,178</u> | <u>-</u> | <u>(754,178)</u> | <u>-</u> | <u>-</u> |
| Total capital assets not being depreciated | <u>821,324</u> | <u>-</u> | <u>(754,178)</u> | <u>-</u> | <u>67,146</u> |
| Buildings & improvements | 12,779,087 | 115,592 | 671,719 | - | 13,566,398 |
| Furniture & equipment | <u>397,433</u> | <u>16,872</u> | <u>82,459</u> | <u>(18,424)</u> | <u>478,340</u> |
| Total capital assets being depreciated | <u>13,176,520</u> | <u>132,464</u> | <u>754,178</u> | <u>(18,424)</u> | <u>14,044,738</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings & improvements | (8,829,279) | (407,355) | - | - | (9,236,634) |
| Furniture & equipment | <u>(326,894)</u> | <u>(36,357)</u> | <u>-</u> | <u>11,319</u> | <u>(351,932)</u> |
| Total accumulated depreciation | <u>(9,156,173)</u> | <u>(443,712)</u> | <u>-</u> | <u>11,319</u> | <u>(9,588,566)</u> |
| Total capital assets being depreciated | <u>4,020,347</u> | | | | <u>4,456,172</u> |
| Enterprise activity capital assets, net | <u>\$ 4,841,671</u> | | | | <u>\$ 4,523,318</u> |

| | |
|---|---------------------|
| Balance at July 1, 2015 | \$ 4,841,671 |
| Current period additions – capital fund | 132,464 |
| Dispositions | (7,105) |
| Current period depreciation expense | <u>(443,712)</u> |
| Balance at June 30, 2016 | <u>\$ 4,523,318</u> |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

NOTE F - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts Payable and Accrued liabilities at June 30, 2016, consisted of the following:

| | | |
|--------------------------------------|-----------|----------------|
| Vendors & contractors | \$ | 72,628 |
| Accrued compensated absences-current | | 10,208 |
| Tenant security deposits | | 57,956 |
| Accrued payroll/taxes | | 13,243 |
| Unearned revenue | | 6,182 |
| Long-term debt – current portion | | <u>89,218</u> |
| | <u>\$</u> | <u>249,435</u> |

NOTE G - OTHER NONCURRENT LIABILITIES:

Other noncurrent liabilities at June 30, 2016, consisted of the noncurrent portion of accrued compensated absences of \$40,836. The change in liabilities follows:

| | | Balance <u>July 1, 2015</u> | Increases | Decreases | Balance <u>June 30, 2016</u> | Current Portion <u>of Balance</u> |
|------------------------------|----|--------------------------------|---------------|-----------------|---------------------------------|--------------------------------------|
| Compensated absences | \$ | 66,871 | \$ 22,388 | \$ (38,215) | \$ 51,044 | \$ 10,208 |
| Notes Payable | | <u>94,465</u> | <u>-</u> | <u>(5,247)</u> | <u>89,218</u> | <u>89,218</u> |
| Total Noncurrent Liabilities | \$ | <u>161,336</u> | <u>22,388</u> | <u>(43,462)</u> | <u>140,262</u> | <u>99,426</u> |

NOTE H - LONG-TERM DEBT:

The Ruston Community Corporation (Business Activities) refinanced an existing debt obligation with the Bank of Ruston on October 11, 2013, which was for the acquisition of certain real property. The obligation is secured by a first mortgage deed and bears interest at a rate of 5.00% per annum. Monthly payments on the note total \$820 with a balloon payment due at maturity on September 19, 2016. On November 29, 2016, this loan was liquidated as a result of the sale of property. Consequently, the balance of \$89,218 as of June 30, 2016 is all considered to be current.

NOTE I - RELATED PARTY TRANSACTIONS:

The Board of Commissioners of the Housing Authority also serves as Directors of the Ruston Community Corporation, Inc. Board. This organization is a nonprofit corporation designed to build and develop affordable housing in the Ruston area. This entity is included in the consolidated financial statements as Business Activities. There are no other related party transactions during the year.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

NOTE J - COMMITMENTS AND 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 judgments against the entity and/or required refunds by the entity to federal grantors and/or program beneficiaries. There were no such liabilities recorded as of June 30, 2016.

On May 12, 2015, the Authority entered into a Consent Order as a result of the settlement of litigation proceedings initiated in prior periods. This order runs for a period of 5 years and 2 months, and calls for compliance with a variety of policy, procedure, and reporting requirements. Failure to maintain compliance with all provisions of the Order, "may move this Court to impose any remedy authorized by law or equity, including but not limited to, an order requiring performance of such act or deeming such act to have been performed, and an award of damages, costs, and reasonable attorneys' fees which may have been occasioned by the violation or failure to perform." In 2016 there was no evidence to indicate that there was a violation or noncompliance with this consent order.

NOTE K - PENSION PLAN:

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan. The plan administrator is William M. Mercer, Inc. The purpose of the Plan is to provide retirement benefits for eligible employees when they reach their normal retirement date. This plan is considered to be a defined contribution plan and as such the contribution percentages are fixed and based upon the employee's earnings. Employees are eligible to participate from the date of employment. The Authority total covered payroll for the year ended June 30, 2016 was \$415,791.

The Employees are required to contribute 6.00% of their annual covered salary and the Housing Authority is required to contribute at a rate of 8.50% of the annual covered payroll. The contribution rates were established by the employee's joinder agreement. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Authority's current period contribution requirement. The Authority's contribution for the year ended June 30, 2016 was \$35,342 and the total pension contribution for the year was \$79,885.

Other than the above mentioned pension plan, the Authority does not participate in any Other Post-Employment Benefits plan.

NOTE L - RISK MANAGEMENT:

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, causality, employee dishonesty and public official's liability forms are used to cover the respective perils. Commercial carriers insure all common perils such as business auto, computer and other miscellaneous policies.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)

NOTE L - RISK MANAGEMENT: (Cont'd)

The Authority participates in public entity risk pool (Louisiana Housing Council, Inc. Group Self Insurance Risk Management Agency and Participating Members) for Property, General Liability, Workmen's Comp and Directors and Officers Liability. Settled claims resulting from these risks have not exceeded risk pool coverage in any of the past three fiscal years. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of coverage documents.

NOTE M - ECONOMIC DEPENDENCY:

The Authority Owned Housing program is economically dependent on annual contributions and grants from the Federal government. This program operates at a loss prior to receiving the contributions and grants.

NOTE N - SUBSEQUENT EVENTS:

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through November 30, 2016 (the date the financial statements were available to be issued) and concluded that the following event should be disclosed in these notes to the financial statements:

- On November 29, 2016 there was a sale of land and property at 503 East Georgia Avenue in Ruston, Louisiana in the amount of \$239,493. This property was contained in the Business Activity Program and resulted in the payoff of a mortgage in the amount of \$89,779.15.

**HOUSING AUTHORITY
OF THE TOWN OF RUSTON
Ruston, Louisiana**

SINGLE AUDIT SECTION

YEAR ENDED JUNE 30, 2016



RECTOR & LOFTON
REEDER PC

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

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the Town of Ruston
Ruston, Louisiana 71723

HUD – New Orleans Office
501 Magazine 9th Floor
New Orleans, Louisiana 70130

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Town of Ruston, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Ruston's basic financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rector, Reeder & Lofton, P.C.
Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Lawrenceville, Georgia
November 30, 2016



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE
INDEPENDENT AUDITORS' REPORT**

Board of Commissioners
Housing Authority of the Town of Ruston
Ruston, Louisiana 71723

HUD – New Orleans Office
501 Magazine 9th Floor
New Orleans, Louisiana 70130

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Town of Ruston's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the Town of Ruston's major federal programs for the year ended June 30, 2016. The Housing Authority of the Town of Ruston's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the Town of Ruston's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the Town of Ruston's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Housing Authority of the Town of Ruston's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Lawrenceville, Georgia
November 30, 2016

**HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2015, contained no formal audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results:

Financial Statements

| | |
|--|----------------------|
| Type of report issued on the financial statements: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified not considered to be material weaknesses? | None reported |
| Noncompliance material to the financial statements noted? | No |

Federal Awards

| | |
|--|----------------------|
| Internal controls over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified not considered to be material weaknesses? | None reported |

| | |
|---|-------------------|
| Type of report issued on the compliance for major programs: | Unmodified |
|---|-------------------|

| | |
|--|-----------|
| Any audit findings disclosed that are required to be reported under 2 CFR §200.516(a)? | No |
|--|-----------|

Identification of major program(s):

CFDA #14.850 – Public and Indian Housing

| | |
|--|------------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
|--|------------------|

| | |
|--|-----------|
| Low Risk Auditee under 2 CFR §200.520? | No |
|--|-----------|

Section II – Findings related to the Financial Statements required to be reported in accordance with GAGAS

NONE REPORTED

Section III – Federal Award Findings and Questioned Costs

NONE REPORTED

**HOUSING AUTHORITY
OF THE TOWN OF RUSTON
Ruston, Louisiana**

SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2016

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

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
JUNE 30, 2016**

| <u>Account Description</u> | <u>Business Activities</u> | <u>Public and Indian Housing 14.850</u> | <u>Central Office Cost Center</u> | <u>Elimination</u> | <u>TOTAL</u> |
|---|--------------------------------|---|---|--------------------|---------------------|
| ASSETS: | | | | | |
| CURRENT ASSETS: | | | | | |
| Cash: | | | | | |
| Cash - unrestricted | \$ 389,877 | \$ 421,453 | \$ 472,891 | \$ 0 | \$ 1,284,221 |
| Cash - restricted | 0 | 0 | 0 | 0 | 0 |
| Cash - tenant security deposits | 0 | 56,406 | 0 | 0 | 56,406 |
| Total Cash | 389,877 | 477,859 | 472,891 | 0 | 1,340,627 |
| Accounts and notes receivables: | | | | | |
| Accounts receivable - HUD | 0 | 96,742 | 0 | 0 | 96,742 |
| Accounts receivable - other government | 19,091 | 0 | 18,755 | 0 | 37,846 |
| Accounts receivable - miscellaneous | 0 | 0 | 0 | 0 | 0 |
| Accounts receivable - tenants rents | 0 | 15,265 | 0 | 0 | 15,265 |
| Allowance for doubtful accounts-tenants | 0 | (757) | 0 | 0 | (757) |
| Accounts receivable - fraud | 0 | 0 | 0 | 0 | 0 |
| Allowance for doubtful accounts-other | 0 | 0 | 0 | 0 | 0 |
| Notes receivable - current | 0 | 0 | 0 | 0 | 0 |
| Accrued interest receivable | 0 | 91 | 38 | 0 | 129 |
| Total receivables - net | 19,091 | 111,341 | 18,793 | 0 | 149,225 |
| Current investments: | | | | | |
| Investments - unrestricted | 0 | 114,235 | 141,875 | 0 | 256,110 |
| Investments - restricted | 0 | 0 | 0 | 0 | 0 |
| Prepaid expenses and other assets | 0 | 63,488 | 1,492 | 0 | 64,980 |
| Inventories | 0 | 106,902 | 0 | 0 | 106,902 |
| Allowance for obsolete inventories | 0 | (1) | 0 | 0 | (1) |
| Assets held for sale | 0 | 0 | 0 | 0 | 0 |
| Interprogram due from | 0 | 0 | 0 | 0 | 0 |
| TOTAL CURRENT ASSETS | 408,968 | 873,824 | 635,051 | 0 | 1,917,843 |
| NONCURRENT ASSETS: | | | | | |
| Capital Assets: | | | | | |
| Land | 31,378 | 35,768 | 0 | 0 | 67,146 |
| Buildings | 113,622 | 3,601,846 | 0 | 0 | 3,715,468 |
| Furniture & equipment - dwellings | 0 | 0 | 0 | 0 | 0 |
| Furniture & equipment - admin | 0 | 433,445 | 44,895 | 0 | 478,340 |
| Improvements | 0 | 9,850,930 | 0 | 0 | 9,850,930 |
| Construction in process | 0 | 0 | 0 | 0 | 0 |
| Accumulated depreciation | (37,272) | (9,506,399) | (44,895) | 0 | (9,588,566) |
| Total capital assets - net | 107,728 | 4,415,590 | 0 | 0 | 4,523,318 |
| Notes receivable - noncurrent | 0 | 0 | 0 | 0 | 0 |
| Investment in joint ventures | 0 | 0 | 0 | 0 | 0 |
| TOTAL NONCURRENT ASSETS | 107,728 | 4,415,590 | 0 | 0 | 4,523,318 |
| TOTAL ASSETS | \$ 516,696 | \$ 5,289,414 | \$ 635,051 | \$ 0 | \$ 6,441,161 |

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

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
JUNE 30, 2016**

| <u>Account Description</u> | <u>Business Activities</u> | <u>Public and Indian Housing 14.850</u> | <u>Central Office Cost Center</u> | <u>Elimination</u> | <u>TOTAL</u> |
|---|--------------------------------|---|---|--------------------|---------------------|
| LIABILITIES AND NET POSITION: | | | | | |
| LIABILITIES: | | | | | |
| CURRENT LIABILITIES: | | | | | |
| Cash overdraft | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Accounts payable < 90 days | 0 | 0 | 72,628 | 0 | 72,628 |
| Accrued salaries/payroll withholding | 0 | 0 | 13,243 | 0 | 13,243 |
| Accrued compensated absences | 0 | 5,810 | 4,398 | 0 | 10,208 |
| Accrued interest payable | 0 | 0 | 0 | 0 | 0 |
| Accounts payable - HUD PHA programs | 0 | 0 | 0 | 0 | 0 |
| Accounts payable - other gov. | 0 | 0 | 0 | 0 | 0 |
| Tenant security deposits | 1,550 | 56,406 | 0 | 0 | 57,956 |
| Unearned revenue | 0 | 6,182 | 0 | 0 | 6,182 |
| Current portion of L-T debt - capital borrowings | 89,218 | 0 | 0 | 0 | 89,218 |
| Other current liabilities | 0 | 0 | 0 | 0 | 0 |
| Interprogram (due to) | 0 | 0 | 0 | 0 | 0 |
| TOTAL CURRENT LIABILITIES | <u>90,768</u> | <u>68,398</u> | <u>90,269</u> | <u>0</u> | <u>249,435</u> |
| NONCURRENT LIABILITIES: | | | | | |
| Long-term debt, net of current - capital projects | 0 | 0 | 0 | 0 | 0 |
| Accrued comp. absences - long term | 0 | 23,245 | 17,591 | 0 | 40,836 |
| TOTAL NONCURRENT LIABILITIES | <u>0</u> | <u>23,245</u> | <u>17,591</u> | <u>0</u> | <u>40,836</u> |
| TOTAL LIABILITIES | <u>90,768</u> | <u>91,643</u> | <u>107,860</u> | <u>0</u> | <u>290,271</u> |
| NET POSITION: | | | | | |
| Net investment in capital assets | 18,510 | 4,415,590 | 0 | 0 | 4,434,100 |
| Restricted | 0 | 0 | 0 | 0 | 0 |
| Unrestricted | 407,418 | 782,181 | 527,191 | 0 | 1,716,790 |
| TOTAL NET POSITION | <u>425,928</u> | <u>5,197,771</u> | <u>527,191</u> | <u>0</u> | <u>6,150,890</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 516,696</u> | <u>\$ 5,289,414</u> | <u>\$ 635,051</u> | <u>\$ 0</u> | <u>\$ 6,441,161</u> |

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

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016**

| <u>Account Description</u> | <u>Business Activities</u> | <u>Public and Indian Housing 14.850</u> | <u>Central Office Cost Center</u> | <u>Elimination</u> | <u>TOTAL</u> |
|-------------------------------------|--------------------------------|---|---|----------------------------|----------------------------|
| REVENUES: | | | | | |
| Net tenant rental revenue | \$ 24,852 | \$ 789,772 | \$ 0 | \$ 0 | \$ 814,624 |
| Tenant revenue - other | 180 | 245,505 | 0 | 0 | 245,685 |
| Total tenant revenue | <u>25,032</u> | <u>1,035,277</u> | <u>0</u> | <u>0</u> | <u>1,060,309</u> |
| HUD PHA grants - operating | 0 | 953,102 | 0 | 0 | 953,102 |
| HUD PHA grants - capital | 0 | 132,464 | 0 | 0 | 132,464 |
| Management fee | 0 | 0 | 227,461 | (227,461) | 0 |
| Asset management fee | 0 | 0 | 36,000 | (36,000) | 0 |
| Bookkeeping fee | 0 | 0 | 26,318 | (26,318) | 0 |
| Front line service fee | 0 | 0 | 0 | 0 | 0 |
| Other government grants | 0 | 0 | 0 | 0 | 0 |
| Investment income - unrestricted | 623 | 970 | 1,656 | 0 | 3,249 |
| Mortgage interest income | 0 | 0 | 0 | 0 | 0 |
| Fraud income | 0 | 0 | 0 | 0 | 0 |
| Other revenue | 85,468 | 4,509 | 1 | 0 | 89,978 |
| Investment income - restricted | 0 | 0 | 0 | 0 | 0 |
| Gain/(loss) on disposition | 0 | (7,105) | 0 | 0 | (7,105) |
| TOTAL REVENUES | \$ <u>111,123</u> | \$ <u>2,119,217</u> | \$ <u>291,436</u> | \$ <u>(289,779)</u> | \$ <u>2,231,997</u> |
| EXPENSES: | | | | | |
| Administrative: | | | | | |
| Administrative salaries | \$ 0 | \$ 40,749 | \$ 124,680 | \$ 0 | \$ 165,429 |
| Compensated absences | 0 | 0 | 0 | 0 | 0 |
| Auditing fees | 0 | 6,732 | 5,008 | 0 | 11,740 |
| Management fees | 0 | 227,461 | 0 | (227,461) | 0 |
| Bookkeeping fees | 0 | 26,318 | 0 | (26,318) | 0 |
| Advertising & marketing | 0 | 0 | 0 | 0 | 0 |
| Employee benefits - administrative | 0 | 20,712 | 63,372 | 0 | 84,084 |
| Office expense | 57 | 15,486 | 136 | 0 | 15,679 |
| Legal expense | 471 | 1,753 | 0 | 0 | 2,224 |
| Travel expense | 111 | 7,805 | 0 | 0 | 7,916 |
| Other operating - administrative | 4,681 | 97,259 | 20,130 | 0 | 122,070 |
| Total Administrative Expense | <u>5,320</u> | <u>444,275</u> | <u>213,326</u> | <u>(253,779)</u> | <u>409,142</u> |
| Asset management fee | <u>0</u> | <u>36,000</u> | <u>0</u> | <u>(36,000)</u> | <u>0</u> |
| Tenant services: | | | | | |
| Tenant services - salaries | 0 | 25,244 | 0 | 0 | 25,244 |
| Employee benefits - tenant services | 0 | 12,832 | 0 | 0 | 12,832 |
| Other tenant services | 0 | 67,552 | 0 | 0 | 67,552 |
| Total Tenant Services | <u>0</u> | <u>105,628</u> | <u>0</u> | <u>0</u> | <u>105,628</u> |
| Utilities: | | | | | |
| Water | 0 | 21,664 | 0 | 0 | 21,664 |
| Electricity | 0 | 190,842 | 0 | 0 | 190,842 |
| Gas | 0 | 4,775 | 0 | 0 | 4,775 |
| Sewer | 0 | 54,697 | 0 | 0 | 54,697 |
| Other utilities | 0 | 0 | 0 | 0 | 0 |
| Employee benefits - utilities | 0 | 0 | 0 | 0 | 0 |
| Total Utilities Expense | <u>0</u> | <u>271,978</u> | <u>0</u> | <u>0</u> | <u>271,978</u> |

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

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016**

| <u>Account Description</u> | <u>Business Activities</u> | <u>Public and Indian Housing 14,850</u> | <u>Central Office Cost Center</u> | <u>Elimination</u> | <u>TOTAL</u> |
|---|--------------------------------|---|---|--------------------|------------------|
| Ordinary Maintenance & Operation: | | | | | |
| Labor | 13,590 | 369,018 | 0 | 0 | 382,608 |
| Materials | 5,937 | 126,599 | 0 | 0 | 132,536 |
| Employee benefit contributions | 6,492 | 187,565 | 0 | 0 | 194,057 |
| Garbage & trash removal contracts | 0 | 20,948 | 0 | 0 | 20,948 |
| Heating & cooling contracts | 0 | 0 | 0 | 0 | 0 |
| Snow removal contracts | 0 | 0 | 0 | 0 | 0 |
| Elevator maintenance contracts | 0 | 0 | 0 | 0 | 0 |
| Landscape & grounds contracts | 0 | 14,091 | 0 | 0 | 14,091 |
| Unit turnaround contracts | 0 | 16,658 | 0 | 0 | 16,658 |
| Electrical contracts | 0 | 17,215 | 0 | 0 | 17,215 |
| Plumbing contracts | 0 | 23,260 | 0 | 0 | 23,260 |
| Extermination contracts | 0 | 32,942 | 0 | 0 | 32,942 |
| Janitorial contracts | 0 | 0 | 0 | 0 | 0 |
| Routine maintenance contracts | 0 | 0 | 0 | 0 | 0 |
| Contract costs - other | 19,544 | 87,485 | 0 | 0 | 107,029 |
| Total Ordinary Maintenance & Operation | 45,563 | 895,781 | 0 | 0 | 941,344 |
| Protective services: | | | | | |
| Protective services - salaries | 0 | 0 | 0 | 0 | 0 |
| Employee benefits - protective services | 0 | 0 | 0 | 0 | 0 |
| Other protective services | 0 | 0 | 0 | 0 | 0 |
| Total Protective Services | 0 | 0 | 0 | 0 | 0 |
| Insurance Premiums: | | | | | |
| Property insurance | 868 | 63,340 | 0 | 0 | 64,208 |
| Liability insurance | 0 | 18,500 | 0 | 0 | 18,500 |
| Workmen's compensation | 0 | 0 | 0 | 0 | 0 |
| Insurance - other | 0 | 11,531 | 2,296 | 0 | 13,827 |
| Total Insurance Premiums | 868 | 93,371 | 2,296 | 0 | 96,535 |
| General Expenses: | | | | | |
| Compensated absence expense | 0 | 17,401 | 4,987 | 0 | 22,388 |
| Other general expense | 0 | 0 | 0 | 0 | 0 |
| Payments in lieu of taxes | 1,266 | 0 | 0 | 0 | 1,266 |
| Bad debt - tenant rents | 0 | 51,840 | 0 | 0 | 51,840 |
| Bad debt - mortgages | 0 | 0 | 0 | 0 | 0 |
| Severance expense | 0 | 0 | 0 | 0 | 0 |
| Total General Expenses | 1,266 | 69,241 | 4,987 | 0 | 75,494 |
| Financial Expenses: | | | | | |
| Interest expense - Mortgage Payable | 4,716 | 0 | 0 | 0 | 4,716 |
| Interest expense - Notes Payable | 0 | 0 | 0 | 0 | 0 |
| Amortization - issuance costs | 0 | 0 | 0 | 0 | 0 |
| Total Financial Expenses | 4,716 | 0 | 0 | 0 | 4,716 |
| TOTAL OPERATING EXPENSE | 57,733 | 1,916,274 | 220,609 | (289,779) | 1,904,837 |
| EXCESS OPERATING REVENUE | 53,390 | 202,943 | 70,827 | 0 | 327,160 |

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

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016**

| <u>Account Description</u> | <u>Business Activities</u> | <u>Public and Indian Housing 14.850</u> | <u>Central Office Cost Center</u> | <u>Elimination</u> | <u>TOTAL</u> |
|--|--------------------------------|---|---|----------------------------|----------------------------|
| Other Expenses: | | | | | |
| Extraordinary maintenance | 0 | 0 | 0 | 0 | 0 |
| Casualty losses | 0 | (8,422) | 0 | 0 | (8,422) |
| Housing assistance payments | 0 | 0 | 0 | 0 | 0 |
| Depreciation expense | 3,787 | 439,925 | 0 | 0 | 443,712 |
| Total Other Expenses | <u>3,787</u> | <u>431,503</u> | <u>0</u> | <u>0</u> | <u>435,290</u> |
| TOTAL EXPENSES | \$ <u>61,520</u> | \$ <u>2,347,777</u> | \$ <u>220,609</u> | \$ <u>(289,779)</u> | \$ <u>2,340,127</u> |
| EXCESS OF REVENUE OVER EXPENSES | \$ <u>49,603</u> | \$ <u>(228,560)</u> | \$ <u>70,827</u> | \$ <u>0</u> | \$ <u>(108,130)</u> |
| Transfer of funds - in | 0 | 301,000 | 0 | 0 | 301,000 |
| Transfer of funds - out | 0 | (36,000) | (265,000) | 0 | (301,000) |
| Transfer of equity | 0 | 0 | 0 | 0 | 0 |
| Prior period adjustments | 0 | 0 | 0 | 0 | 0 |
| Beginning Net Position | <u>376,325</u> | <u>5,161,331</u> | <u>721,364</u> | <u>0</u> | <u>6,259,020</u> |
| Ending Net Position | \$ <u>425,928</u> | \$ <u>5,197,771</u> | \$ <u>527,191</u> | \$ <u>0</u> | \$ <u>6,150,890</u> |
| Units Available | 48 | 3,600 | - | - | 3,648 |
| Units Leased | 40 | 3,509 | - | - | 3,549 |

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

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
JUNE 30, 2016**

| | <u>Type</u> | <u>Federal CFDA #</u> | <u>Expenditures</u> |
|---|--------------|---------------------------|------------------------------|
| <u>FEDERAL GRANTOR</u> | | | |
| <u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u> | | | |
| Public Housing: | | | |
| Public and Indian Housing | A - Major | 14.850 | \$ 856,298 |
| Public Housing Capital Fund | B - Nonmajor | 14.872 | <u>229,268</u> |
| TOTAL FEDERAL FINANCIAL AWARDS | | | \$ <u>1,085,566</u> |
| Threshold for Type A & Type B | | | \$ <u>750,000</u> |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the Town of Ruston and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance.

NOTE B - SUBRECIPIENTS:

The Housing Authority of the Town of Ruston provided no federal awards to subrecipients during the fiscal year ending June 30, 2016.

NOTE C - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

- The Housing Authority of the Town of Ruston received no federal awards of non-monetary assistance that are required to be disclosed for the year ended June 30, 2016.
- The Housing Authority of the Town of Ruston had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended June 30, 2016.
- The Housing Authority of the Town of Ruston maintains the following limits of insurance as of June 30, 2016:

| | |
|----------------------------|---------------|
| Property | \$ 25,327,710 |
| Liability | \$ 1,000,000 |
| Commercial Auto | \$ 1,000,000 |
| Worker Compensation | Regulatory |
| Public Officials Liability | \$ 1,000,000 |
| Fidelity Bond | \$ 45,000 |

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.

Housing Authority of the Town of Ruston
Ruston, Louisiana

SCHEDULE OF EXPENDITURES OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICE
FOR THE YEAR ENDED JUNE 30, 2016

Agency Head: Woody Whittington, Executive Director

| <u>Purpose</u> | <u>Amount</u> |
|-----------------------|-------------------|
| Salary | \$ 86,412 |
| Benefits - insurance | 14,569 |
| Benefits - retirement | 7,345 |
| Car allowance | 4,800 |
| Per diem | 510 |
| Registration fees | 825 |
| Conference travel | <u>591</u> |
| | <u>\$ 115,052</u> |