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

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

**YEAR ENDED JUNE 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-18-06

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# **RUSTON HOUSING AUTHORITY MANAGEMENT'S DISCUSSION & ANALYSIS FISCAL YEAR ENDED JUNE 30, 2005**

This section of the Authority's annual financial report presents Management's analysis of the Authority's financial performance during the Fiscal Year Ended June 30, 2005

## **FINANCIAL HIGHLIGHTS AND CONCLUSIONS:**

The Ruston Housing Authority had a good year as illustrated by the outcome of its fiscal year operations. Total Net Assets increased by \$76,868 (2.14%). The financial indicators continue to maintain an above average score as established by the Real Estate Assessment Center (REAC). Based on our calculation of the financial score, the Authority should receive a designation of "high performer" under the Financial Assessment Sub System (FASS).

## **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 Assets (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 assets 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 assets are accounted for in the Statement of Revenues, Expenses and Net Assets. This statement measures the success of the Authority's operations over the past fiscal year.

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 Assets and the Statement of Revenues, Expenses and Net Assets 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 Assets is presented in Table I, which follows.

**Ruston Housing Authority**  
**Combined Statement of Net Assets**  
**TABLE I**

	2004	2005	Total Change	% Change
Current Assets	773,933	697,972	(75,961)	-9.81%
Capital Assets	2,914,283	3,064,303	150,020	5.15%
<b>Total Assets</b>	<b>3,688,216</b>	<b>3,762,275</b>	<b>74,059</b>	<b>2.01%</b>
Current Liabilities	65,005	62,300	(2,705)	-4.16%
Noncurrent Liabilities	27,841	27,737	(104)	-0.37%
<b>Total Liabilities</b>	<b>92,846</b>	<b>90,037</b>	<b>(2,809)</b>	<b>-3.03%</b>
Invested in Capital Assets				
Net of Related Debt	2,914,283	3,064,303	150,020	5.15%
Unrestricted Net Assets	681,087	607,935	(73,152)	-10.74%
<b>Total Net Assets</b>	<b>3,595,370</b>	<b>3,672,238</b>	<b>76,868</b>	<b>2.14%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>3,688,216</b>	<b>3,762,275</b>	<b>74,059</b>	<b>2.01%</b>

As illustrated in the Combined Statement of Net Assets, the overall Net Assets of the Authority increased by \$76,868. The "Invested in Capital Assets" increased by \$150,020. The net change in Invested in Fixed Asset, net of related debt, was due to \$379,753 capital hard costs additions from the Capital Fund and depreciation expense of \$229,450. The Unrestricted Net Assets decreased by \$73,152. This represents a net decrease in net working capital and available resources for future programs and expenditures.

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

**Ruston Housing Authority**  
**Combined Statement of Revenues, Expenses and Change in Net Assets**  
**TABLE II**

	<b>2004</b>	<b>2005</b>	<b>Total Change</b>	<b>% Change</b>
Tenant Revenue	634,534	652,214	17,680	2.79%
Grant Funding	752,256	836,931	84,675	11.26%
Interest Income	6,242	9,144	2,902	46.49%
Other Income	144,004	62,819	(81,185)	-56.38%
Gain/(Loss) on sale of Fixed Assets	(27)	(282)	(255)	-944.44%
<b>Total Revenue</b>	<b>1,537,009</b>	<b>1,560,826</b>	<b>23,817</b>	<b>1.55%</b>
Administration	314,424	348,071	33,647	10.70%
Tenant Services	31,609	94,190	62,581	197.98%
Utilities	243,520	217,045	(26,475)	-10.87%
Maintenance	418,694	473,986	55,292	13.21%
Protective services	1,582	2,720	1,138	71.93%
General expense	161,654	118,496	(43,158)	-26.70%
Depreciation	221,739	229,450	7,711	3.48%
<b>Total Expenses</b>	<b>1,393,222</b>	<b>1,483,958</b>	<b>90,736</b>	<b>6.51%</b>
Prior year adjustments	2,079	-	(2,079)	-100.00%
Change in Net Assets	145,866	76,868	(68,998)	-47.30%
Beginning Net Assets	3,449,504	3,595,370	145,866	4.23%
<b>Ending Net Assets</b>	<b>3,595,370</b>	<b>3,672,238</b>	<b>76,868</b>	<b>2.14%</b>

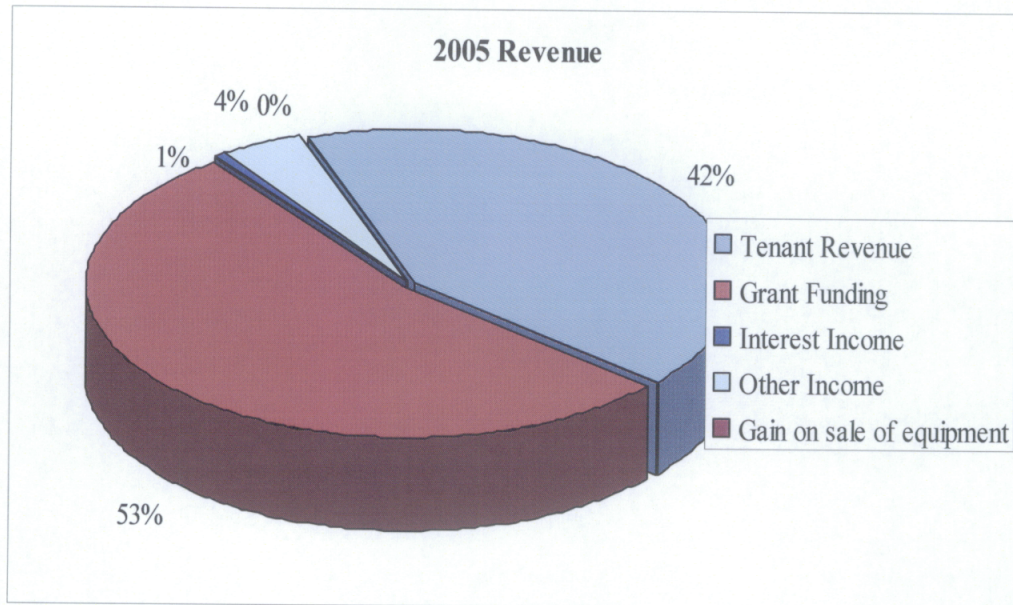
**Ruston Housing Authority**  
**Combined Statement of Revenues, Expenses and Change in Net Assets - By Program**  
**For Year-to-date ended June 30, 2005**

**TABLE III**

	Low-Rent	Capital Fund	Business Type Activity	Total
Tenant Revenue	650,952	-	1,262	652,214
Grant Funding	366,941	469,990	-	836,931
Interest Income	9,144	-	-	9,144
Other Income	62,819	-	-	62,819
Gain on sale of equipment	(282)	-	-	(282)
<b>Total Revenue</b>	<b>1,089,574</b>	<b>469,990</b>	<b>1,262</b>	<b>1,560,826</b>
Administration	311,881	36,190	-	348,071
Tenant Services	42,863	51,327	-	94,190
Utilities	217,045	-	-	217,045
Maintenance	473,755	-	231	473,986
Protective services	-	2,720	-	2,720
General expense	114,615	-	3,881	118,496
HAP	-	-	-	-
Depreciation	228,731	-	719	229,450
<b>Total Expenses</b>	<b>1,388,890</b>	<b>90,237</b>	<b>4,831</b>	<b>1,483,958</b>
<b>Change in Net Assets</b>	<b>(299,316)</b>	<b>379,753</b>	<b>(3,569)</b>	<b>76,868</b>
Beginning Net Assets	-	-	-	-
Equity transfers	-	-	-	-
Prior year adjustments	-	-	-	-
<b>Ending Net Assets</b>	<b>(299,316)</b>	<b>379,753</b>	<b>(3,569)</b>	<b>76,868</b>

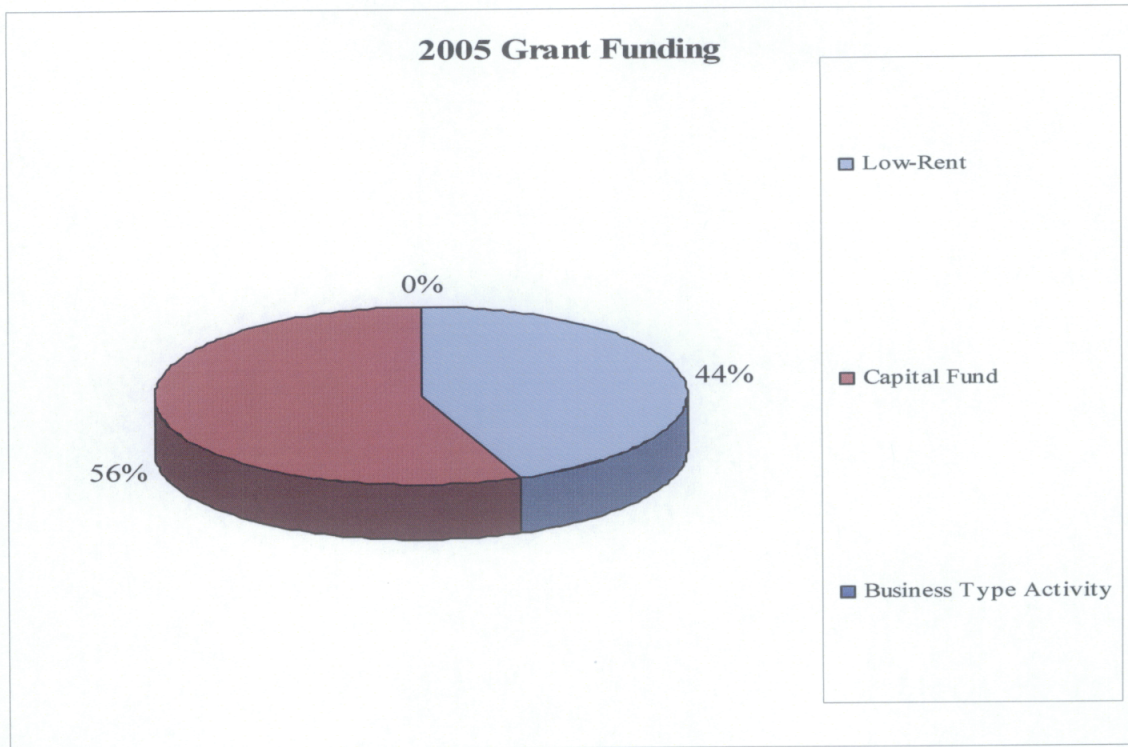
## REVENUES

In reviewing the Statement of Revenues, Expenses, and Net Assets, you will find that 53% 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 of 42% of total revenue. Other Revenue including Interest from Investments comprises the remaining 5%. Compared to the Fiscal Year Ended June 30, 2004, revenues had an overall increase of \$23,817 (1.55%).



**Tenant Revenue** - Tenant Revenue received in the Public Housing Program had an increase from \$634,534 to \$652,214 of around 2.79%. Unit months leased decreased by 4% for the year. Dwelling rental increased from 2004 to 2005 due primarily to an increase in the number of working families. This increase in rental income may reduce future operating subsidy funding requirements.

**Program Grants/Subsidies** - We had a 11.26% increase in Grant Revenue compared to the previous year. The primary reason for the change was increased recognition of revenue as the result of increased spending of available HUD funding.



## EXPENSES

The Ruston Housing Authority experienced an increase in operating expenses for the current year from \$1,393,222 to \$1,483,958 or \$90,736 (6.51%). The highlights of the 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 2004, administrative costs increased by \$33,647 (10.70%), due to inflation.

**Tenant Services** – Tenant Services costs include all costs incurred by the Authority to provide social services to the residents. Tenant Services costs increased from \$31,609 to \$94,190 (197.98%) or \$62,581. This increase is due to expanded services provided through Capital Grant funding and higher Resident Services participation.

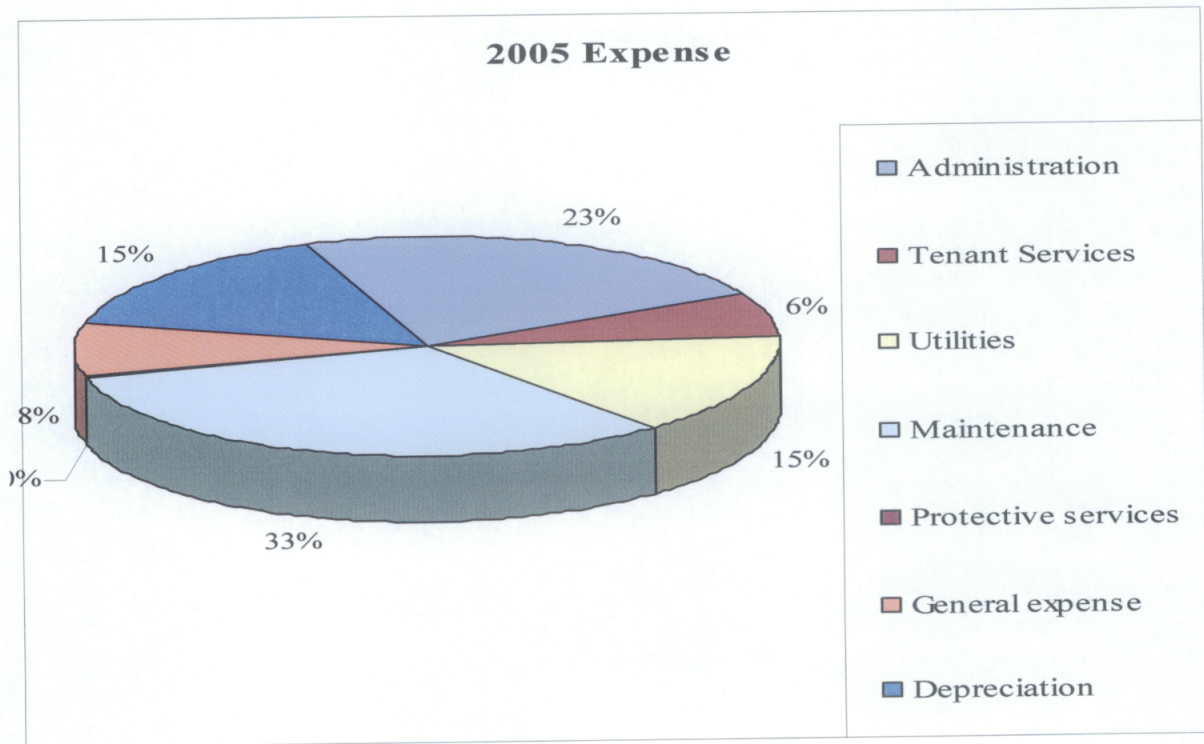
**Utilities** - The total utilities expense for the Authority decreased by \$26,475 (-10.87%). The decrease is due mainly to energy conservation.

**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. The Maintenance Expense for the Authority increased from \$418,694 to \$473,986 (13.21%) or \$55,292, due primarily to inflation.



**General Expenses** – General Expenses include insurance costs (property, auto, liability, workers’ compensation, public officials’ liability, lead based paint insurance, etc.), and collection losses. General expenses for the Authority decreased from \$161,654 to \$118,496 (-26.70%) or a decrease of \$43,158. This decrease was due, in large part, to decreased insurance costs.

**Depreciation** – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items is recorded as depreciation. Depreciation expense for the current year increased by \$7,711 (3.48%) as a result of the methods of depreciating capital assets and the relative ages of the depreciable assets.



## CAPITAL ASSETS

At the end of fiscal year 2004 the Authority had invested in Capital Assets of \$2,914,283 net of depreciation. As of June 30, 2005, the Authority had increased its net capital assets by \$150,020 to \$3,064,303 (5.15%). The following illustrates the Capital Asset values for 2004 and 2005.

**Ruston Housing Authority  
Statement of Capital Assets  
TABLE IV**

	2004	2005	Total Change	% Change
Land	39,279	39,279	(0)	0.00%
Buildings & improvements	9,042,321	9,438,816	396,495	4.38%
Equipment	469,664	494,059	24,395	5.19%
Construction in Progress	653,592	601,845	(51,747)	-7.92%
	<u>10,204,856</u>	<u>10,573,998</u>	<u>369,142</u>	<u>3.62%</u>
Accumulated Depreciation	(7,290,573)	(7,509,696)	(219,123)	3.01%
<b>Total Capital Assets</b>	<b><u>2,914,283</u></b>	<b><u>3,064,303</u></b>	<b><u>150,020</u></b>	<b><u>5.15%</u></b>

The net change in Invested in Fixed Asset, net of related debt, was due to \$379,753 capital hard costs additions from the Capital Fund and depreciation expense of \$229,450.

## ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS:

Several factors may affect the financial position of the authority in the subsequent fiscal year. These factors include:

- (1) Hurricane Katrina and Hurricane Rita will have significant economic impact to the Ruston area. We anticipate an increase in the general population and a correlating increase in occupancy and the local unemployment rate.
- (2) The Public Housing Drug Elimination Program (PHDEP) has been eliminated. Public Housing Authorities are encouraged to continue these activities by utilizing existing Operating Fund and Capital Fund assets that are already stretched to the limit. These cuts require the Authority to continually review all current programs and make decisions regarding the continuation and funding of these programs.
- (3) The Harvard Group has reviewed the Operating Fund Subsidy calculation and made recommendations. The outcome of this study is now known, however the Authority will calculate its next years' budget by utilizing the current subsidy calculation

formula. With increasing costs such as insurance and utilities, combined with decreased HUD funding, operating under a balanced budget is becoming more and more challenging.

## **CONCLUSIONS:**

Overall, the Ruston Housing Authority had a very 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: Ruston Housing Authority, P.O. Box 510, Ruston, LA 71270.

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

**YEAR ENDED JUNE 30, 2005**

## INDEPENDENT AUDITOR'S 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 the accompanying financial statements of the Housing Authority of the Town of Ruston as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority'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 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 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 Housing Authority of the Town of Ruston, as of June 30, 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2005 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 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.

Management 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.

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 basic financial statements taken as a whole.



Rector, Moffitt & Lindsay, P.C.  
Rector, Moffitt & Lindsay, P.C.  
Certified Public Accountants

Snellville, Georgia  
December 9, 2005



Certified Public  
Accountants

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HOUSING AUTHORITY OF THE TOWN OF RUSTON

Ruston, Louisiana

STATEMENT OF NET ASSETS

JUNE 30, 2005

ASSETS

Current Assets

Cash & Investments	\$	558,264
Accounts Receivable		47,003
Prepaid Insurance		56,071
Materials Inventory		<u>36,634</u>

Total Current Assets 697,972

Fixed Assets

Land		39,279
Buildings & improvements		9,438,816
Furniture & Equipment		494,059
Construction in progress		601,845
Less: Accumulated depreciation		<u>(7,509,696)</u>

Total Fixed Assets 3,064,303

**TOTAL ASSETS** \$ 3,762,275

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

**LIABILITIES & NET ASSETS**

**Current Liabilities**

Accounts payable	\$ 12,605
Accrued Liabilities	15,557
Tenant security deposits	32,057
Deferred revenue	<u>2,081</u>
Total Current Liabilities	<u>62,300</u>

**Noncurrent Liabilities**

L/T Debt, Net of Current - Capital Projects	-
Accrued expenses - noncurrent	<u>27,737</u>
TOTAL LIABILITIES	<u>90,037</u>

**NET ASSETS**

Invested in capital assets, net of related debt	3,064,303
Unrestricted net assets	<u>607,935</u>
TOTAL NET ASSETS	<u>3,672,238</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 3,762,275</u>

**HOUSING AUTHORITY OF THE TOWN OF RUSTON**

Ruston, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Operating Revenue**

Dwelling rent	\$ 652,214
Governmental grants & subsidy	457,178
Other income	<u>62,819</u>

Total Operating Revenues 1,172,211

**Operating Expenses**

Administration	348,071
Tenant Services	94,190
Utilities	217,045
Ordinary maintenance & operations	473,986
Protective Services	2,720
General expense	118,496
Depreciation	<u>229,450</u>

Total Operating Expenses 1,483,958

Net Operating Income/(Loss) (311,747)

**Nonoperating Revenue/(Expenses)**

Investment income	9,144
Gain/(loss) on sale of fixed assets	<u>(282)</u>

Total Nonoperating Revenue/(Expenses) 8,862

Net Income/ (Loss) before contributions (302,885)

Capital grants 379,753

Net Increase/(Decrease) in Net Assets 76,868

Net Assets - beginning balance 3,595,370

Net Assets - ending balance \$ 3,672,238

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





HOUSING AUTHORITY OF THE TOWN OF RUSTON  
Ruston, Louisiana

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Operating Income/(Loss)	\$	(311,747)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation		229,450
Decrease (Increase) in accounts receivable		(6,121)
Decrease (Increase) in prepaid expenses		(9,074)
Decrease (Increase) in inventory		(1,483)
Increase (Decrease) in accounts payable		(7,447)
Increase (Decrease) in accrued liabilities		11,014
Increase (Decrease) in deferred revenue		479
Increase (Decrease) in security/trust deposits		<u>(1,296)</u>
 NET CASH PROVIDED FROM OPERATING ACTIVITIES	 \$	 <u><u>(96,225)</u></u>

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**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 PHA 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 PHA 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 accounting policies of the Housing Authority of Town of Ruston conform to generally accepted accounting principles as applicable to governments. The financial statements are presented in accordance with Generally Accepted Accounting Principle (GAAP). In applying the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds," the Authority applies all GASB pronouncements and all Financial Accounting Standards Board pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements. The Housing Authority has implemented GASB Statement No. 34, Basic Financial Statements – and Management's discussion and Analysis – for State and Local Governments effective with their fiscal year ending June 30, 2004.

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, 2005**

**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 Assets. Proprietary Fund Net Assets is segregated into Invested in Capital Assets-Net of Related Debt, Restricted Net Assets & Unrestricted Net Assets. 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. Low Income Public 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. 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.

**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.

***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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
(Continued)

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

**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. 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 Income and Expense, while grants for capital improvements have been added to Retained Earnings and 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 effect 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.

**7. Accounts Receivable:**

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

**NOTE B - CASH AND INVESTMENTS:**

**1. Cash**

It is the entity's policy for deposits to be 105% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 2005. The categories are described as follows:

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
(Continued)

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

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized. (This includes bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but none in the entity's name.) ,

Cash, Deposits, categorized by level of risk, are:

Total Book Balances	<i>Category</i>		
	1	2	3
\$ 558,264	\$ 558,264	\$ 0	\$ 0

**2. Investments**

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

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

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at June 30, 2005. The categories are:

- Category 1 - Insured or registered, with securities held by the entity or its agent in the entity's name
- Category 2 - Uninsured and unregistered, with securities held by the conterparty's trust department or agent in the entity's name

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
(Continued)

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

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

**NOTE C - ACCOUNTS RECEIVABLE:**

Accounts Receivable and Accrued Liabilities at June 30, 2005, consisted of the following:

Tenants Accounts Receivable (Net of Allowance for Doubtful Accounts - \$304)	\$ 7,283
Accounts Receivable – HUD	24,974
Accounts Receivable – Farmerville Housing Authority	8,488
Accrued Interest Receivable	<u>6,258</u>
	<u>\$ 47,003</u>

The consolidated statement of Net Assets presented in the financial statements does not include the interfund receivables and payables of \$41,931 which have been eliminated in the consolidation.

**NOTE D - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:**

Accounts payable and Accrued Liabilities at June 30, 2005, consisted of the following:

Vendors & contractors	\$ 12,605
Accrued compensated absences-current	9,245
Tenant security deposits	32,057
Payroll taxes	6,312
Prepaid rents	<u>2,081</u>
	<u>\$ 62,300</u>

The consolidated statement of Net Assets presented in the financial statements does not include the interfund receivables and payables of \$41,931 which have been eliminated in the consolidation.

**NOTE E - OTHER NONCURRENT LIABILITIES:**

Other noncurrent liabilities at June 30, 2005, consisted of the following:

Accrued compensated absences – long term	\$ <u>27,737</u>
Total noncurrent liabilities	\$ <u>27,737</u>

The total liability for compensated absences at the end of the year was \$36,982.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
(Continued)

**NOTE F - FIXED ASSETS:**

The following is a summary of changes in the net fixed assets during the fiscal year ended June 30, 2005:

	Prior Year Balance <u>6/30/2004</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Depreciation</u>	Current Balance <u>6/30/2005</u>
Fixed Assets:					
Land	\$ 39,279	\$ 0	\$ 0	\$ 0	\$ 39,279
Buildings & Improvements	9,695,913	379,753	(35,005)	0	10,040,661
Equip & Furniture	469,664	0	24,395	0	494,059
Accumulated Depreciation	<u>(7,290,573)</u>	<u>0</u>	<u>10,327</u>	<u>(229,450)</u>	<u>(7,509,696)</u>
Total fixed assets	<u>\$2,914,283</u>	<u>\$ 379,753</u>	<u>\$ (283)</u>	<u>\$ (229,450)</u>	<u>\$3,064,303</u>

**NOTE G - CONTINGENCIES:**

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

**NOTE H - 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 Housing Authority total covered payroll for the year ended June 30, 2005 was \$335,576.41.

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 joiner 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 contributed requirement. The Housing Authority's contribution for the year ended June 30, 2005 was \$28,524.10 and the total pension contribution for the year was \$48,658.69.



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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**  
(Continued)

**NOTE I - 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.

The Authority participates in public entity risk pool (Louisiana Municipal League Risk Management Pool) for General Liability, 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 J - RELATED PARTY TRANSACTIONS:**

There were no related party transactions to be reported for the fiscal year ended June 30, 2005.

**NOTE K - ECONOMIC DEPENDENCY:**

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

**NOTE L - SUPPLEMENTARY INFORMATION:**

The supplementary information has been included in order to show the financial statements of the Housing Authority on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplementary information is reviewed by the field office and provides greater detail concerning the operations of the Housing Authority

**SINGLE AUDIT SECTION**

ACCOUNTANT'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL STRUCTURE  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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 the financial statements of the Housing Authority of the Town of Ruston, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

**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 grants, 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*.

This report is intended for the information of the audit committee, Housing Authority of the Town of Ruston, HUD, federal audit agencies, State of Louisiana, and pass-through entities and is not intended to be used by anyone other than the specified parties. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rector, Moffitt & Lindsay, P.C.  
Certified Public Accountants

Snellville, Georgia  
December 9, 2005



RECTOR  
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**ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of the Housing Authority of the Town of Ruston with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the Town of Ruston's management. Our responsibility is to express an opinion on the Housing Authority of the Town of Ruston's compliance based on our audit.

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

In our opinion, the Housing Authority of the Town of Ruston complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

**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 requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the Town of Ruston's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.



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This report is intended solely for the information and use of the Housing Authority of the Town of Ruston, the State of Louisiana, HUD and other federal audit agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Rector, Moffitt & Lindsay, P.C.*

Rector, Moffitt & Lindsay, P.C.  
Certified Public Accountants

Snellville, Georgia  
December 9, 2005

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended June 30, 2004, contained no formal audit findings.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of Auditor’s report issued:	Unqualified
Internal Control over financial reporting:	
• Material weakness (es) identified?	___ yes <u>  X  </u> no
• Reportable condition (s) identified that are not considered to be materials weaknesses?	___ yes <u>  X  </u> no
Noncompliance material to financial Statements noted?	___ yes <u>  X  </u> no

***Federal Awards***

Internal Control over major programs:	
• Material weakness (es) identified?	___ yes <u>  X  </u> no
• Reportable condition (s) identified that are not considered to be materials weaknesses?	___ yes <u>  X  </u> no

Type of Auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section (a) of Circular A-133	___ yes <u>  X  </u> no

Identification of major programs:	
➤ Low-Rent Public Housing Program	CFDA #14.850
➤ Capital Fund Program	CFDA #14.872

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
--	-----------

Auditee qualifies as a low-risk auditee?	Yes
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**Section II – Financial Statement Findings**

*Findings related to financial statements in accordance with GAGAS:*

NONE REPORTED

**Section III – Federal Award Findings and Questioned Costs**

*Findings and questioned costs for Federal Awards as defined in Section .510:*

NONE REPORTED

**SUPPLEMENTARY INFORMATION**



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

**FINANCIAL DATA SUBMISSION SUMMARY**  
**NET ASSET ACCOUNTS**  
**JUNE 30, 2005**

<u>Account Description</u>	<u>Low-Rent</u> 14.850	<u>Capital Fund</u> 14.872	<u>Business</u> <u>Activities</u>	<u>TOTAL</u>
<b>ASSETS:</b>				
<b>CURRENT ASSETS:</b>				
Cash:				
Cash - unrestricted	\$ 526,207	\$ 0	\$ 0	\$ 526,207
Cash - other restricted	31,957	0	100	32,057
Total Cash	<u>558,164</u>	<u>0</u>	<u>100</u>	<u>558,264</u>
Accounts and notes receivables:				
Accounts receivable - HUD other projects	0	24,974	0	24,974
Accounts receivable - Other government	8,488	0	0	8,488
Accounts receivable - tenants - dwelling rents	7,587	0	0	7,587
Allowance for doubtful accounts	(304)	0	0	(304)
Accounts interest receivable	6,258	0	0	6,258
Total receivables, net of allowances for uncollectibles	<u>22,029</u>	<u>24,974</u>	<u>0</u>	<u>47,003</u>
Current investments				
Investments - unrestricted	0	0	0	0
Prepaid expenses and other assets	56,071	0	0	56,071
Inventory - materials	36,634	0	0	36,634
Allowance for Obsolete Inventories	0	0	0	0
Interprogram due from	41,931	0	0	41,931
<b>TOTAL CURRENT ASSETS</b>	<u>714,829</u>	<u>24,974</u>	<u>100</u>	<u>739,903</u>
<b>NONCURRENT ASSETS:</b>				
Fixed Assets:				
Land	36,279	0	3,000	39,279
Buildings	3,601,846	0	37,000	3,638,846
Furniture, equipment & mach. - dwellings	208,952	0	0	208,952
Furniture, equipment & mach. - admin.	285,107	0	0	285,107
Leasehold improvements	5,799,970	0	0	5,799,970
Accumulated depreciation	(7,508,977)	0	(719)	(7,509,696)
Construction in progress	0	601,845	0	601,845
Total fixed assets, net of accumulated depreciation	<u>2,423,177</u>	<u>601,845</u>	<u>39,281</u>	<u>3,064,303</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,138,006</u>	<u>\$ 626,819</u>	<u>\$ 39,381</u>	<u>\$ 3,804,206</u>

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

**FINANCIAL DATA SUBMISSION SUMMARY**  
**NET ASSET ACCOUNTS**  
**JUNE 30, 2005**

<u>Account Description</u>	<u>Low-Rent</u>	<u>Capital Fund</u>	<u>Business</u>	<u>TOTAL</u>
	14.850	14.872	Activities	
<b>LIABILITIES AND NET ASSETS:</b>				
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable <= 90 days	\$ 12,605	\$ 0	\$ 0	\$ 12,605
Accrued wage/payroll taxes payable	6,312	0	0	6,312
Accrued compensated absences - current portion	9,245	0	0	9,245
Tenant security deposits	31,957	0	100	32,057
Deferred revenue	2,081	0	0	2,081
Interprogram (due to)	0	24,974	16,957	41,931
<b>TOTAL CURRENT LIABILITIES</b>	<u>62,200</u>	<u>24,974</u>	<u>17,057</u>	<u>104,231</u>
<b>NONCURRENT LIABILITIES:</b>				
Accrued Compensated Absences - Non-Current	27,737	0	0	27,737
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>27,737</u>	<u>0</u>	<u>0</u>	<u>27,737</u>
<b>TOTAL LIABILITIES</b>	<u>89,937</u>	<u>24,974</u>	<u>17,057</u>	<u>131,968</u>
<b>NET ASSETS:</b>				
Capital assets net of related debt	2,423,177	601,845	39,281	3,064,303
Net Assets - unrestricted	624,892	0	(16,957)	607,935
<b>TOTAL NET ASSETS</b>	<u>3,048,069</u>	<u>601,845</u>	<u>22,324</u>	<u>3,672,238</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,138,006</u>	<u>\$ 626,819</u>	<u>\$ 39,381</u>	<u>\$ 3,804,206</u>

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

**FINANCIAL DATA SUBMISSION SUMMARY**  
**INCOME STATEMENT ACCOUNTS**  
**JUNE 30, 2005**

<u>Account Description</u>	<u>Low-Rent</u> 14.850	<u>Capital Fund</u> 14.872	<u>Business</u> <u>Activities</u>	<u>TOTAL</u>
<b>REVENUES:</b>				
Net tenant rental revenue	\$ 494,560	\$ 0	\$ 1,215	\$ 495,775
Tenant revenue - other	156,392	0	47	156,439
Total tenant revenue	650,952	0	1,262	652,214
HUD PHA grants	366,941	90,237	0	457,178
HUD Capital grants	0	379,753	0	379,753
Investment income - unrestricted	9,144	0	0	9,144
Other revenue	62,819	0	0	62,819
Gain/Loss on Sale of Fixed Assets	(282)	0	0	(282)
<b>TOTAL REVENUES</b>	<b>\$ 1,089,574</b>	<b>\$ 469,990</b>	<b>\$ 1,262</b>	<b>\$ 1,560,826</b>
<b>EXPENSES:</b>				
<i>Administrative</i>				
Administrative salaries	\$ 143,373	\$ 32,313	\$ 0	\$ 175,686
Auditing fees	6,170	1,000	0	7,170
Compensated absences	15,978	0	0	15,978
Employee benefit contributions - administrative	58,697	2,668	0	61,365
Other operating - administrative	87,663	209	0	87,872
Total Administrative Expense	311,881	36,190	0	348,071
<i>Resident Services</i>				
Resident Salaries	15,470	4,873	0	20,343
Resident services-other	21,060	46,000	0	67,060
Employee benefit contributions - resident services	6,333	454	0	6,787
Total Resident services expense	42,863	51,327	0	94,190
<i>Utilities</i>				
Water	25,755	0	0	25,755
Electricity	144,650	0	0	144,650
Gas	5,140	0	0	5,140
Other utilities expense	41,500	0	0	41,500
Total Utilities Expense	217,045	0	0	217,045
<i>Ordinary Maintenance &amp; Operation</i>				
Ordinary maint. and oper. - labor	209,397	0	161	209,558
Ordinary maint. and oper. - materials & others	35,151	0	70	35,221
Ordinary maint. and oper. - contract costs	143,480	0	0	143,480
Ordinary maint. and oper. - benefits	85,727	0	0	85,727
Total Ordinary Maintenance & Operation	473,755	0	231	473,986

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

**FINANCIAL DATA SUBMISSION SUMMARY**  
**INCOME STATEMENT ACCOUNTS**  
**JUNE 30, 2005**

<u>Account Description</u>	<u>Low-Rent</u> 14,850	<u>Capital Fund</u> 14,872	<u>Business</u> <u>Activities</u>	<u>TOTAL</u>
Protective services				
Protective services - other contract costs	0	2,720	0	2,720
<b>Total Protective Services</b>	<b>0</b>	<b>2,720</b>	<b>0</b>	<b>2,720</b>
General Expenses				
Insurance premiums	85,328	0	0	85,328
Other general expenses	279	0	3,881	4,160
Payments in lieu of taxes	0	0	0	0
Bad debt - tenant rents	29,008	0	0	29,008
<b>Total General Expenses</b>	<b>114,615</b>	<b>0</b>	<b>3,881</b>	<b>118,496</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>1,160,159</b>	<b>90,237</b>	<b>4,112</b>	<b>1,254,508</b>
<b>EXCESS OPERATING REVENUE OVER OPERATING EXP.</b>	<b>(70,585)</b>	<b>379,753</b>	<b>(2,850)</b>	<b>306,318</b>
Other Expenses				
Casualty losses-Non-capitalized	0	0	0	0
Depreciation expense	228,731	0	719	229,450
<b>Total Other Expenses</b>	<b>228,731</b>	<b>0</b>	<b>719</b>	<b>229,450</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,388,890</b>	<b>\$ 90,237</b>	<b>\$ 4,831</b>	<b>\$ 1,483,958</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (299,316)</b>	<b>\$ 379,753</b>	<b>\$ (3,569)</b>	<b>\$ 76,868</b>
Equity transfers	0	0	0	0
Prior period adjustments	431,500	(431,500)	0	0
<b>Beginning Equity</b>	<b>2,915,885</b>	<b>653,592</b>	<b>25,893</b>	<b>3,595,370</b>
<b>Ending Equity</b>	<b>\$ 3,048,069</b>	<b>\$ 601,845</b>	<b>\$ 22,324</b>	<b>\$ 3,672,238</b>
Units months available	3,600	0	7	3,607
Units months leased	3,250	0	4	3,254

HOUSING AUTHORITY OF THE TOWN OF RUSTON

Ruston, Louisiana

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<b><u>FEDERAL GRANTOR</u></b>			
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</u></b>			
<b>Public Housing:</b>			
Operating subsidy	A - Major	14.850	\$ 366,941
Capital Fund Program	A - Major	14.872	<u>469,990</u>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			\$ <u><u>836,931</u></u>

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE B - SUBRECIPIENTS:**

The Housing Authority of the Town of Ruston provided no federal awards to subrecipients during the fiscal year ending June 30, 2005.

**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, 2005.
- 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, 2005.
- The Housing Authority of the Town of Ruston maintains the following limits of insurance as of June 30, 2005:

Property	\$ 11,704,000
Liability	\$ 1,000,000
Commercial Auto	\$ 100,000
Commercial Auto Liability	\$ 300,000
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.

**SUPPLEMENTARY INFORMATION**  
**SPECIAL REPORTS**

HOUSING AUTHORITY OF THE TOWN OF RUSTON  
Ruston, Louisiana

**STATEMENT OF ACTUAL MODERNIZATION COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Annual Contributions Contract FW-1074**

**PHASE LA9054501-02**

1 The Actual Modernization Costs of Phase 501-01 were:

Funds Approved	\$	517,101
Funds Expended		<u>517,101</u>
Excess of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	517,101
Funds Expended		<u>517,101</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

- 2 There were no audit period additions for fiscal year 2005.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated July 27, 2004, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 4 All modernization costs have been paid and all related liabilities have been discharged through payment.