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

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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 1-31-07

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

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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, 2006, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

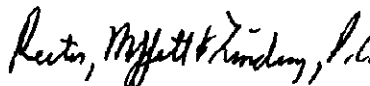
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan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

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, 2006, 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 8, 2006 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* and should be considered in assessing the results of our audit.

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

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.  
Certified Public Accountants

Snellville, Georgia  
December 8, 2006



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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**HOUSING AUTHORITY OF THE TOWN OF RUSTON  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDED JUNE 30, 2006**

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, 2006

**FINANCIAL HIGHLIGHTS AND CONCLUSIONS:**

The Housing Authority of the Town of Ruston had a good year as illustrated by the outcome of its fiscal year operations. Total Net Assets increased by \$147,833 (4.03%). 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.

**Housing Authority of the Town of Ruston  
Combined Statement of Net Assets**

**TABLE I**

	2006	2005	Total Change	% Change
Current Assets	717,003	697,972	19,031	2.73%
Capital Assets	3,211,383	3,064,303	147,080	4.80%
<b>Total Assets</b>	<b>3,928,386</b>	<b>3,762,275</b>	<b>166,111</b>	<b>4.42%</b>
Current Liabilities	74,177	62,300	11,877	19.06%
Noncurrent Liabilities	34,138	27,737	6,401	23.08%
<b>Total Liabilities</b>	<b>108,315</b>	<b>90,037</b>	<b>18,278</b>	<b>20.30%</b>
Invested in Capital Assets Net of Related Debt	3,211,383	3,064,303	147,080	4.80%
Unrestricted Net Assets	608,688	607,935	753	0.12%
<b>Total Net Assets</b>	<b>3,820,071</b>	<b>3,672,238</b>	<b>147,833</b>	<b>4.03%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>3,928,386</b>	<b>3,762,275</b>	<b>166,111</b>	<b>4.42%</b>

As illustrated in the Combined Statement of Net Assets, the overall Net Assets of the Authority increased by \$147,833. The "Invested in Capital Assets" increased by \$147,080. The net change in Invested in Fixed Asset, net of related debt, was mainly due to \$376,211 capital hard costs additions from the Capital Fund and depreciation expense of \$231,581. The Unrestricted Net Assets increased by \$753. This represents a net increase 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.

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

	2006	2005	Total Change	% Change
Tenant Revenue	675,869	652,214	23,655	3.63%
Grant Funding	961,108	836,931	124,177	14.84%
Interest income	17,260	9,144	8,116	88.76%
Gain on Sale of Equip.	27,103	(282)	27,385	-9710.99%
Other Income	68,600	62,819	5,781	9.20%
<b>Total Revenue</b>	<b>1,749,940</b>	<b>1,560,826</b>	<b>189,114</b>	<b>12.12%</b>
Administration	357,364	348,071	9,293	2.67%
Tenant Services	101,229	94,190	7,039	7.47%
Utilities	253,429	217,045	36,384	16.76%
Maintenance	526,975	473,986	52,989	11.18%
Protective services	12,992	2,720	10,272	0.00%
General expense	118,537	118,496	41	0.03%
Depreciation	231,581	229,450	2,131	0.93%
<b>Total Expenses</b>	<b>1,602,107</b>	<b>1,483,958</b>	<b>118,149</b>	<b>7.96%</b>
Change in Net Assets	147,833	76,868	70,965	92.32%
Beginning Net Assets	3,672,238	3,595,370	76,868	2.14%
<b>Ending Net Assets</b>	<b>3,820,071</b>	<b>3,672,238</b>	<b>147,833</b>	<b>4.03%</b>



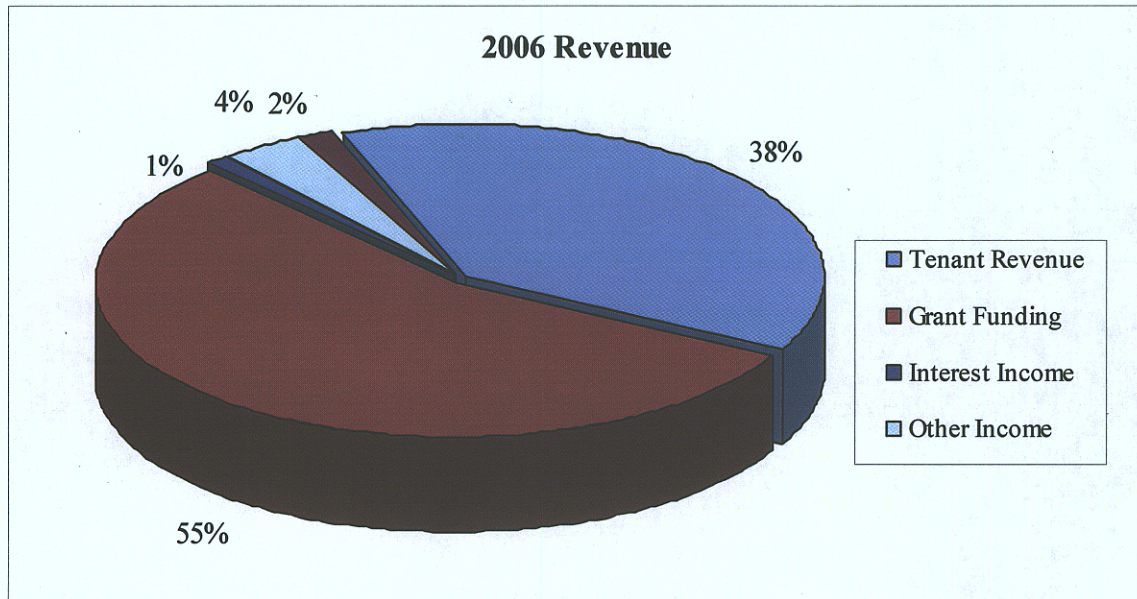
**Housing Authority of the Town of Ruston**  
**Combined Statement of Revenues, Expenses and Change in Net Assets - By Program**  
**Fiscal Year Ended June 30, 2006**

TABLE III

	Public Housing			Total
	Low Rent Public Housing	Capital Fund Program	Business Activities	
Tenant Revenue	672,095	-	3,774	675,869
Grant Funding	444,970	516,138	-	961,108
Interest Income	17,260	-	-	17,260
Other Income	68,600	-	-	68,600
Gain on Sale or Equipment	27,103	-	-	27,103
<b>Total Revenue</b>	<b>1,230,028</b>	<b>516,138</b>	<b>3,774</b>	<b>1,749,940</b>
Administration	299,399	57,965	-	357,364
Tenant Services	49,229	52,000	-	101,229
Utilities	253,429	-	-	253,429
Maintenance	510,005	16,970	-	526,975
Protective services	-	12,992	-	12,992
General expense	118,537	-	-	118,537
Depreciation	230,348	-	1,233	231,581
<b>Total Expenses</b>	<b>1,460,947</b>	<b>139,927</b>	<b>1,233</b>	<b>1,602,107</b>
<b>Change in Net Assets</b>	<b>(230,919)</b>	<b>376,211</b>	<b>2,541</b>	<b>147,833</b>
Beginning Net Assets	3,048,069	601,845	22,324	3,672,238
Transfer of Equity	302,466	(302,466)	-	-
<b>Ending Net Assets</b>	<b>3,119,616</b>	<b>675,590</b>	<b>24,865</b>	<b>3,820,071</b>

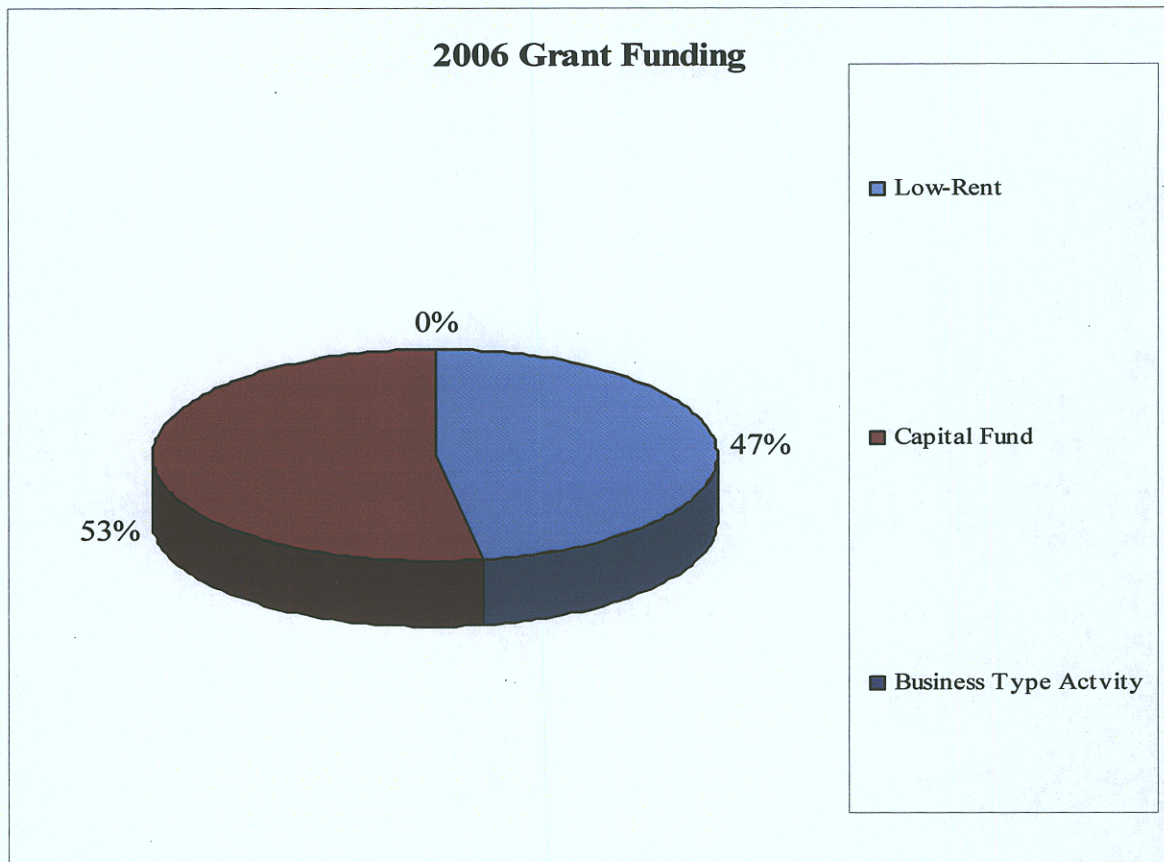
## REVENUES

In reviewing the Statement of Revenues, Expenses, and Net Assets, you will find that 55% 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 38% of total revenue. Other Revenue including Interest from Investments comprises the remaining 7%. Compared to the Fiscal Year Ended June 30, 2005, revenues had an overall increase of \$189,114 (12.12%).



**Tenant Revenue** - Tenant Revenue received in the Public Housing Program had an increase from \$652,214 to \$675,869 of around 3.63%. Unit months leased increased by 6.5% for the year. Dwelling rental increased from 2005 to 2006 due primarily to an increase in the number of working families and an increase in dwelling unit occupancy.

**Program Grants/Subsidies** - We had an 14.84% increase in Grant Revenue compared to the previous year. The primary reason for the change was an increase in the operating subsidy which resulted from a change in the method HUD uses to calculate the subsidy and as a result of increased recognition of revenue as the result of increased spending of available HUD funding.



## EXPENSES

The Housing Authority of the Town of Ruston experienced an increase in expenses for the current year from \$1,483,958 to \$1,602,107 or \$118,149 (7.96%). 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 2005, administrative costs decreased by \$9,293 or 2.67%.

**Tenant Services** – Tenant Services costs include all costs incurred by the Authority to provide social services to the residents. Tenant Services costs increased from \$94,190 to \$101,229 (7.47%) or \$7,039. 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 increased by \$36,384 (16.76%). The decrease is due mainly to increasing utility costs.

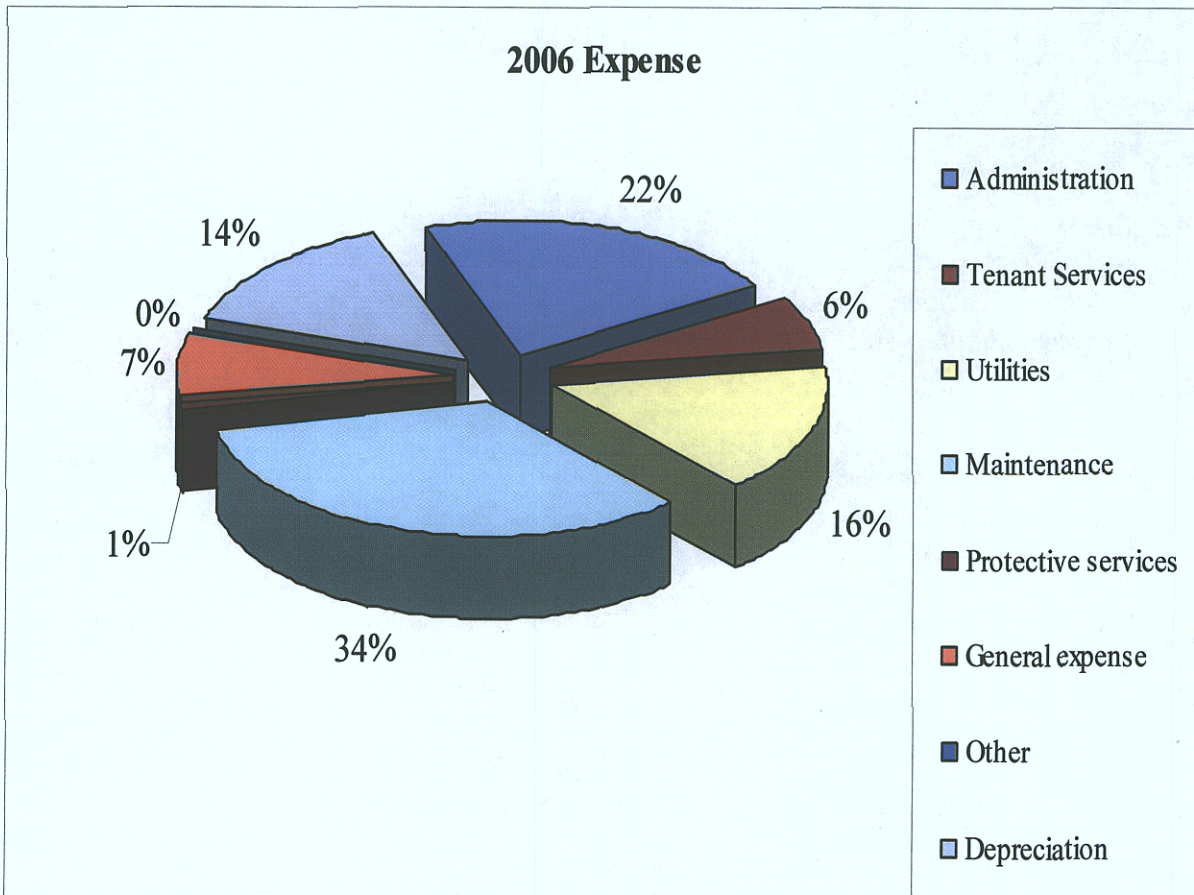
**Maintenance** – Maintenance costs are all costs incurred by the Authority to maintain its Public Housing units in a safe and sanitary manner. Costs include personnel costs, materials

used to maintain the units, contracts for waste management and telephone/radio service, etc. The Maintenance Expense for the Authority increased from \$473,986 to \$526,975 (11.1%) or \$52,989, due primarily to inflation and to an increase in the use of contracted services.

**Protective Services** – Protective Services costs include all costs incurred by the Authority to provide security and other protective services to the residents. Protective Services costs increased from \$2,720 to \$12,992 (377.65%) or \$10,272. This increase is due to expanded services provided through Capital Grant funding and increased security provided to the tenants.

**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 increased from \$118,496 to \$118,537 (0.03%) or an increase of \$41.

**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 \$2,131 9.30% 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 2005 the Authority had invested in Capital Assets of \$3,064,303 net of depreciation. As of June 30, 2006, the Authority had increased its net capital assets by \$147,080 to \$3,211,383 (4.80%). The following illustrates the Capital Asset values for 2005 and 2006.

**Housing Authority of the Town of Ruston  
Combined Statement of Capital Assets  
TABLE V**

	2006	2005	Total Change	% Change
Land	38,779	39,279	(500)	-1.27%
Buildings & improvements	10,385,110	10,040,661	344,449	3.43%
Equipment	343,495	494,059	(150,564)	-30.47%
	<u>10,767,384</u>	<u>10,573,999</u>	<u>193,385</u>	<u>1.83%</u>
Accumulated Depreciation	(7,556,001)	(7,509,696)	(46,305)	0.62%
<b>Total Capital Assets</b>	<b><u>3,211,383</u></b>	<b><u>3,064,303</u></b>	<b><u>147,080</u></b>	<b><u>4.80%</u></b>

The net change in Invested in Capital Assets, net of related debt, was mainly due to \$376,211 capital hard costs additions from the capital Fund and depreciation expense of \$231,581.

## DEBT OBLIGATIONS

There was no debt obligations outstanding at the end of June 30, 2005 and June 30, 2006.

**CONCLUSIONS:**

Overall, the Housing Authority of the Town of Ruston 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: 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, 2006**

HOUSING AUTHORITY OF THE TOWN OF RUSTON  
Ruston, Louisiana

STATEMENT OF NET ASSETS  
JUNE 30, 2006

ASSETS

Current Assets

Cash & Investments	\$	549,584
Accounts Receivable		69,252
Prepaid Insurance		55,317
Materials Inventory		42,850

Total Current Assets 717,003

Capital Assets

Land		38,779
Buildings & improvements		9,709,520
Furniture & Equipment		343,495
Construction in progress		675,590
Less: Accumulated depreciation		<u>(7,556,001)</u>

Total Capital Assets 3,211,383

**TOTAL ASSETS** \$ 3,928,386

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



**LIABILITIES & NET ASSETS**

**Current Liabilities**

Accounts payable	\$	12,799
Accrued expenses		330
Tenant security deposits		36,234
Accrued liabilities		11,379
Unearned revenue		<u>13,435</u>
 Total Current Liabilities		 <u>74,177</u>

**Noncurrent Liabilities**

Accrued expenses - noncurrent		<u>34,138</u>
 Total Noncurrent Liabilities		 <u>34,138</u>

**TOTAL LIABILITIES**

108,315

**NET ASSETS**

Invested in capital assets, net of related debt		3,211,383
Unrestricted net assets		<u>608,688</u>
 TOTAL NET ASSETS		 <u>3,820,071</u>

**TOTAL LIABILITIES & NET ASSETS**

**\$ 3,928,386**

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, 2006

**Operating Revenues**

Dwelling rent	\$ 675,869
Governmental grants & subsidy	584,897
Other income	<u>68,600</u>

Total Operating Revenues 1,329,366

**Operating Expenses**

Administration	357,364
Tenant services	101,229
Utilities	253,429
Ordinary maintenance & operations	526,975
Protective services	12,992
General expense	118,537
Depreciation	<u>231,581</u>

Total Operating Expenses 1,602,107

Net Income/(Loss) from operations (272,741)

**Nonoperating Revenue/(Expenses)**

Investment income	17,260
Gain/(loss) on sale of capital assets	<u>27,103</u>

Total Nonoperating Revenue/(Expenses) 44,363

Net Income (loss) before contributions (228,378)

Capital grants contributions 376,211

Net Increase/(Decrease) in Net Assets 147,833

Net Assets - beginning balance 3,672,238

Net Assets - ending balance \$ 3,820,071

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, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 738,835
Governmental grants & subsidy - operations	561,490
Payments to suppliers	(748,674)
Payments to employees	(602,244)
	(50,593)
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	(50,593)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	17,260
	17,260

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

Proceeds from sale of equipment	24,653
Additions to fixed assets - Capital Grant	376,211
Governmental grant funds received	(376,211)
	24,653
NET CASH PROVIDED/(USED) FROM CAPITAL & RELATED FINANCING ACTIVITIES	24,653

NET INCREASE/(DECREASE) IN CASH	(8,680)
CASH AT BEGINNING OF PERIOD	558,264

CASH AT END OF PERIOD	\$ 549,584
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CASH FLOWS FROM OPERATING ACTIVITIES

Net Operating Income/(Loss)	\$ (272,741)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	231,581
Decrease (Increase) in accounts receivable	(22,249)
Decrease (Increase) in prepaid expenses	754
Decrease (Increase) in inventory	(6,216)
Increase (Decrease) in accounts payable	194
Increase (Decrease) in accrued expenses	(5,982)
Increase (Decrease) in other accrued liabilities	8,535
Increase (Decrease) in unearned revenue	11,354
Increase (Decrease) in security/trust deposits	4,177
	(50,593)
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	\$ (50,593)

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, 2006**

**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 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, 2006

**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.
3. Business Activities – The objective of the fund is to provide Homeownership assistance and counseling for low-income resident of the City of Ruston and the surrounding areas.

**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, 2006**  
(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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**  
(Continued)

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

**8. Operating Revenue: (Cont'd)**

Subsides 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 assets below the nonoperating revenue and expense.

**9. New Accounting Pronouncements:**

In fiscal year 2006, the Housing Authority implemented the following new accounting standards issued by GASB:

**Statement No. 40** - "*Deposit and Investment Risk Disclosures*" (an amendment of GASB-S3), which modifies and expands existing disclosure requirements for deposits and investments as detailed in Note B.

**Statement No. 42** - "*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*", which establishes accounting and financial reporting standards for impairment of capital assets and applicable details are presented in Note M.

**10. The terms of the Board are as follows:**

Warren Post, Chairperson	Dec. 31, 2011
Vernon Lay, Vice Chairperson	Dec. 31, 2007
Bob Smith	Dec. 31, 2008
Rev. Thomas Kennedy	Dec. 31, 2009
Yvonne Martin	Dec. 31, 2010

In addition to the above Commissioners, the Administrator of the Housing Authority is Woody Whittington, who serves on the Board as Secretary and is the Executive Director. 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 that have been excluded from this report.

**NOTE B - CASH AND CASH EQUIVALENTS:**

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, 2006, the Authority's cash deposits had a carrying amount of \$549,455 and bank balances of \$594,148. Of the bank balances held in various financial institutions, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. At June 30, 2006, the Authority's petty cash/change funds totaled \$129.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**  
(Continued)

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

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

*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 four 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.

Checking accounts	\$ 23,237
Certificate of deposit	526,218
Petty cash	129
<b>Totals</b>	<b>\$ 549,584</b>

Note: These amounts are included in cash and investments listed above.

**Collateralization:**

As of June 30, 2006 the following securities were pledged as collateral to secure the deposits of the Housing Authority of the Town of Ruston:

**BANK ONE**

Security	Cusip	Maturity Date	Interest Rate	Market Value
U.S Treasury Bond	912810EL8	11/15/2021	8.00%	\$ 1,358,900.00
U.S Treasury Bond	912810EN4	11/15/2022	7.63%	254,168.02

**IBERIA BANK**

FNMA	31371LHQ5	12/01/2013	4.00%	60,780.46
FNMA	31406WS70	04/01/2020	5.00%	90,284.55

**Totals** **\$ 1,764,133.03**



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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**  
(Continued)

**NOTE C - DEFERRED CHARGES:**

Deferred charges at June 30, 2006, consisted of the following:

Prepaid insurance	\$ 55,317
Inventory of materials – (net of obsolete amount \$0)	<u>42,850</u>
	<u>\$ 98,167</u>

**NOTE D - ACCOUNTS RECEIVABLE:**

Accounts receivable and accrued liabilities at June 30, 2006, consisted of the following:

Tenants accounts receivable (Net of Allowance for doubtful accounts - \$365)	\$ 7,140
Accounts receivable – HUD	48,381
Accounts receivable – Farmerville Housing Authority	8,310
Accrued interest receivable	<u>5,421</u>
	<u>\$ 69,252</u>

The consolidated Statement of Net Assets presented in the financial statements does not include the interfund receivables and payables of \$22,469 which have been eliminated in the consolidation.

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

Accounts payable and accrued liabilities at June 30, 2006, consisted of the following:

Vendors & contractors	\$ 12,799
Accrued compensated absences-current	11,379
Tenant security deposits	36,234
Payroll taxes	330
Other unearned grant revenue	10,000
Tenant prepaid rents	<u>3,435</u>
	<u>\$ 74,177</u>

The consolidated Statement of Net Assets presented in the financial statements does not include the interfund receivables and payables of \$22,469 which have been eliminated in the consolidation.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**  
(Continued)

**NOTE F - OTHER NONCURRENT LIABILITIES:**

Other noncurrent liabilities at June 30, 2006, consisted of the following:

	Balance 07/01/05	Increases	Decreases	Balance 06/30/06	Current Portion of Balance
Compensated absences	\$ 36,982	\$ 12,504	\$ 3,969	\$ 45,517	\$ 11,379
<b>Total long-term liabilities</b>	<b>\$ 36,982</b>	<b>\$ 12,504</b>	<b>\$ 3,969</b>	<b>\$ 45,517</b>	<b>\$ 11,379</b>

**NOTE G - CAPITAL ASSETS:**

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2006:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Enterprise Activities</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 39,279	\$ -	\$ 500	\$ 38,779
Construction in progress	601,845	376,211	302,466	675,590
<b>Total capital assets not being depreciated</b>	<b>641,124</b>	<b>376,211</b>	<b>302,966</b>	<b>714,369</b>
Buildings & improvements	9,438,816	290,444	19,740	9,709,520
Furniture & equipment	494,059	12,022	162,586	343,495
<b>Total capital assets being depreciated</b>	<b>9,932,875</b>	<b>302,466</b>	<b>182,326</b>	<b>10,053,015</b>
Less accumulated depreciation for:				
Buildings & improvements	7,106,070	202,160	19,740	7,288,490
Furniture & equipment	403,626	29,421	165,536	267,511
<b>Total accumulated depreciation</b>	<b>7,509,696</b>	<b>231,581</b>	<b>185,276</b>	<b>7,556,001</b>
<b>Total capital assets being depreciated</b>	<b>2,423,179</b>			<b>2,497,014</b>
<b>Enterprise activity capital assets, net</b>	<b>\$ 3,064,303</b>			<b>\$ 3,211,383</b>

**NOTE H - 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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**  
(Continued)

**NOTE I - 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 capital 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, 2006 was \$379,849.02.

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, 2006 was \$32,287.27 and the total pension contribution for the year was \$55,078.21. The PHA contribution for 2004 and 2005 were \$19,845.97 and \$28,524.10 respectively. Additional plan details can be obtained from: Housing Renewal Agency Retirement Plan Operations, P.O. Box 1101, Louisville, Ky. 40201-1101.

**NOTE J - 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 K - RELATED PARTY TRANSACTIONS:**

There were related party transactions between the Housing Authority of the Town of Ruston and the Ruston Community Corporation. The PHA provided technical, administrative and facility assistance to the Ruston Development Corporation during the initial planning stages of the Elderly tax credit development. The total assistance is under \$1,000 as estimated by the PHA. This entity is not material to the financial statements and is not considered to be a component unit of the Housing Authority.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**  
(Continued)

**NOTE L - MANAGEMENT OF AFFILIATE:**

The Housing Authority of the Town of Ruston has provides accounting and maintenance services for the Housing Authority of the Town of Farmerville. The Housing Authority of the Town of Farmerville is a forty (40) unit housing authority located in Farmerville, La. The PHA has entered into a management agreement with the Housing Authority of the Town of Ruston (PHA). The Housing Authority of the Town of Ruston is in charge of managing and upkeep of all units and receives a management fee for the service. During the year ended June 30, 2006, the Housing Authority of the Town of Ruston earned \$31,890 of management fee income.

As of June 30, 2006 the Housing Authority of the Town of Ruston owed the Housing Authority of the Town of Ruston \$8,310 for reimbursable expenses paid on their benefit.

**NOTE M - IMPAIRMENT OF CAPITAL ASSETS:**

In accordance with new financial reporting standards issued by the Government Accounting Standards Board's, "Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. During the fiscal year ended June 30, 2006, the Housing Authority of the Town of Ruston experienced no impairments during the year.

**NOTE N- 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 O - SUPPLEMENTAL INFORMATION:**

The supplemental 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 supplemental information is reviewed by the field office and provides greater detail concerning the operations of the Housing Authority

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

**SINGLE AUDIT SECTION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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, 2006, and have issued our report thereon dated December 8, 2006. 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*. We noted certain matters that we reported to management of the Housing Authority of the Town of Ruston, in a separate letter dated December 8, 2006.

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

Snellville, Georgia  
December 8, 2006



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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, 2006. 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, 2006.

**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 8, 2006



**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended June 30, 2005, 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	_X_	no
• Reportable condition (s) identified that are not considered to be materials weaknesses?	___	yes	_X_	no
Noncompliance material to financial Statements noted?	___	yes	_X_	no

***Federal Awards***

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

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

**SUPPLEMENTAL INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**FINANCIAL DATA SUBMISSION SUMMARY**  
**NET ASSET ACCOUNTS**  
**JUNE 30, 2006**

<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	\$ 513,351	\$ 0	\$ 0	\$ 513,351
Cash - other restricted	36,133	0	100	36,233
Total Cash	<u>549,484</u>	<u>0</u>	<u>100</u>	<u>549,584</u>
Accounts and notes receivables:				
Accounts receivable - HUD other projects	39,094	9,287	0	48,381
Accounts receivable - Other government	8,310	0	0	8,310
Accounts receivable - tenants - dwelling rents	7,505	0	0	7,505
Allowance for doubtful accounts	(365)	0	0	(365)
Accounts interest receivable	5,421	0	0	5,421
Total receivables, net of allowances for uncollectibles	<u>59,965</u>	<u>9,287</u>	<u>0</u>	<u>69,252</u>
Current investments				
Prepaid expenses and other assets	55,317	0	0	55,317
Inventory - materials	42,850	0	0	42,850
Allowance for Obsolete Inventories	0	0	0	0
Interprogram due from	22,469	0	0	22,469
<b>TOTAL CURRENT ASSETS</b>	<u>730,085</u>	<u>9,287</u>	<u>100</u>	<u>739,472</u>
<b>NONCURRENT ASSETS:</b>				
Capital Assets:				
Land	35,779	0	3,000	38,779
Buildings	3,601,846	0	37,000	3,638,846
Furniture, equipment & mach. - dwellings	82,212	0	0	82,212
Furniture, equipment & mach. - admin.	261,283	0	0	261,283
Leasehold improvements	6,070,674	0	0	6,070,674
Accumulated depreciation	(7,554,049)	0	(1,952)	(7,556,001)
Construction in progress	0	675,590	0	675,590
Total capital assets, net of accumulated depreciation	<u>2,497,745</u>	<u>675,590</u>	<u>38,048</u>	<u>3,211,383</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,227,830</u>	<u>\$ 684,877</u>	<u>\$ 38,148</u>	<u>\$ 3,950,855</u>

HOUSING AUTHORITY OF THE TOWN OF RUSTON  
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY  
NET ASSET ACCOUNTS  
JUNE 30, 2006

<u>Account Description</u>	<u>Low-Rent</u> 14.850	<u>Capital Fund</u> 14.872	<u>Business</u> Activities	<u>TOTAL</u>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable <= 90 days	\$ 12,799	\$ 0	\$ 0	\$ 12,799
Accrued wage/payroll taxes payable	330	0	0	330
Accrued compensated absences - current portion	11,379	0	0	11,379
Tenant security deposits	36,133	0	101	36,234
Unearned revenue	13,435	0	0	13,435
Interprogram (due to)	0	9,287	13,182	22,469
<b>TOTAL CURRENT LIABILITIES</b>	<u>74,076</u>	<u>9,287</u>	<u>13,283</u>	<u>96,646</u>
<b>NONCURRENT LIABILITIES:</b>				
Accrued Compensated Absences - Non-Current	34,138	0	0	34,138
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>34,138</u>	<u>0</u>	<u>0</u>	<u>34,138</u>
<b>TOTAL LIABILITIES</b>	<u>108,214</u>	<u>9,287</u>	<u>13,283</u>	<u>130,784</u>
<b>NET ASSETS:</b>				
Capital assets net of related debt	2,497,745	675,590	38,048	3,211,383
Unrestricted net assets	621,871	0	(13,183)	608,688
<b>TOTAL NET ASSETS</b>	<u>3,119,616</u>	<u>675,590</u>	<u>24,865</u>	<u>3,820,071</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,227,830</u>	<u>\$ 684,877</u>	<u>\$ 38,148</u>	<u>\$ 3,950,855</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS**  
**JUNE 30, 2006**

<u>Account Description</u>	<u>Low-Rent</u> 14.850	<u>Capital Fund</u> 14.872	<u>Business</u> Activities	<u>TOTAL</u>
<b>REVENUES:</b>				
Net tenant rental revenue	\$ 523,148	\$ 0	\$ 3,612	\$ 526,760
Tenant revenue - other	148,947	0	162	149,109
Total tenant revenue	<u>672,095</u>	<u>0</u>	<u>3,774</u>	<u>675,869</u>
HUD PHA grants	444,970	139,927	0	584,897
HUD Capital grants	0	376,211	0	376,211
Investment income - unrestricted	17,260	0	0	17,260
Other revenue	68,600	0	0	68,600
Gain/Loss on Sale of Capital Assets	27,103	0	0	27,103
<b>TOTAL REVENUES</b>	<b>\$ <u>1,230,028</u></b>	<b>\$ <u>516,138</u></b>	<b>\$ <u>3,774</u></b>	<b>\$ <u>1,749,940</u></b>
<b>EXPENSES:</b>				
Administrative				
Administrative salaries	\$ 128,471	\$ 40,945	\$ 0	\$ 169,416
Auditing fees	6,950	500	0	7,450
Compensated absences	8,535	0	0	8,535
Employee benefit contributions - administrative	61,086	3,608	0	64,694
Other operating - administrative	94,357	12,912	0	107,269
Total Administrative Expense	<u>299,399</u>	<u>57,965</u>	<u>0</u>	<u>357,364</u>
Resident Services				
Resident Salaries	19,346	0	0	19,346
Resident services-other	20,684	52,000	0	72,684
Employee benefit contributions - resident services	9,199	0	0	9,199
Total Resident services expense	<u>49,229</u>	<u>52,000</u>	<u>0</u>	<u>101,229</u>
Utilities				
Water	30,293	0	0	30,293
Electricity	151,684	0	0	151,684
Gas	7,322	0	0	7,322
Other utilities expense	64,130	0	0	64,130
Total Utilities Expense	<u>253,429</u>	<u>0</u>	<u>0</u>	<u>253,429</u>
Ordinary Maintenance & Operation				
Ordinary maint. and oper. - labor	226,100	0	0	226,100
Ordinary maint. and oper. - materials & others	36,087	16,970	0	53,057
Ordinary maint. and oper. - contract costs	139,924	0	0	139,924
Ordinary maint. and oper. - benefits	107,507	0	0	107,507
Total Ordinary Maintenance & Operation	<u>509,618</u>	<u>16,970</u>	<u>0</u>	<u>526,588</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS**  
**JUNE 30, 2006**

<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	12,992	0	12,992
<b>Total Protective Services</b>	<b>0</b>	<b>12,992</b>	<b>0</b>	<b>12,992</b>
General Expenses				
Insurance premiums	96,214	0	0	96,214
Bad debt - tenant rents	22,323	0	0	22,323
<b>Total General Expenses</b>	<b>118,537</b>	<b>0</b>	<b>0</b>	<b>118,537</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>1,230,212</b>	<b>139,927</b>	<b>0</b>	<b>1,370,139</b>
<b>EXCESS OPERATING REVENUE OVER OPERATING EXP.</b>	<b>(184)</b>	<b>376,211</b>	<b>3,774</b>	<b>379,801</b>
Other Expenses				
Casualty losses-Non-capitalized	387	0	0	387
Depreciation expense	230,348	0	1,233	231,581
<b>Total Other Expenses</b>	<b>230,735</b>	<b>0</b>	<b>1,233</b>	<b>231,968</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,460,947</b>	<b>\$ 139,927</b>	<b>\$ 1,233</b>	<b>\$ 1,602,107</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>(230,919)</b>	<b>376,211</b>	<b>2,541</b>	<b>147,833</b>
Equity transfers	302,466	(302,466)	0	0
<b>Beginning Net Assets</b>	<b>3,048,069</b>	<b>601,845</b>	<b>22,324</b>	<b>3,672,238</b>
<b>Ending Net Assets</b>	<b>3,119,616</b>	<b>675,590</b>	<b>24,865</b>	<b>3,820,071</b>
Units months available	3,594	0	12	3,606
Units months leased	3,462	0	12	3,474

HOUSING AUTHORITY OF THE TOWN OF RUSTON  
Ruston, Louisiana

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<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>			
Low Rent Public Housing	A - Major	14.850	\$ 444,970
Capital Fund Program	A - Major	14.872	<u>516,138</u>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<b>\$ <u>961,108</u></b>

The accompanying notes to the schedule of expenditures of federal financial awards is an integral part of this schedule



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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**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, 2006.

**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, 2006.
- 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, 2006.
- The Housing Authority of the Town of Ruston maintains the following limits of insurance as of June 30, 2006:

Property	\$ 12,624,800
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.

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

**SUPPLEMENTAL INFORMATION  
SPECIAL REPORTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**STATEMENT OF ACTUAL MODERNIZATION COSTS**  
**June 30, 2006**

**Annual Contributions Contract FW-1074**

**PHASE LA9054501-03**

1 The Actual Modernization Costs of Phase 501-03 were:

Funds Approved	\$ 401,466
Funds Expended	<u>401,466</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 401,466
Funds Expended	<u>401,466</u>
Excess of Funds Advanced	<u>\$ -</u>

- 2 Audit period additions were \$618.98 and accordingly were audited by Rector, Moffitt & Lindsay, P.C.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate dated October 21, 2005, as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

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

**STATEMENT OF ACTUAL MODERNIZATION COSTS**  
**June 30, 2006**

**Annual Contributions Contract FW-1074**

**PHASE LA9054502-03**

1 The Actual Modernization Costs of Phase 502-03 were:

Funds Approved	\$ 84,794
Funds Expended	<u>84,794</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 84,794
Funds Expended	<u>84,794</u>
Excess of Funds Advanced	<u>\$ -</u>

- 2 All costs were audited in prior audit periods and accordingly they were not reaudited by Rector, Moffitt & Lindsay, P.C.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate dated October 21, 2005, as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

December 8, 2006

To the Board of Commissioners  
Housing Authority of the Town of Ruston

We have audited the financial statements of Housing Authority of the Town of Ruston for the year ended June 30, 2006, and have issued our report thereon dated September 1, 2006. Professional standards require that we provide you with the following information related to our audit.

***Our Responsibility under Generally Accepted Auditing Standards***

As stated in our contract dated July 21, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As a part of our audit, we considered the internal control structure of Housing Authority of the Town of Ruston. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

***Significant Accounting Policies***

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Housing Authority of the Town of Ruston are described in Note A to the financial statements. We noted no transactions entered into by the Housing Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

***Significant Audit Adjustments***

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Housing Authority that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.



RECTOR  
MOFFITT &  
LINDSAY, P.C.

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We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Housing Authority's financial reporting process.

***Disagreements with Management***

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing our audit.

***Additional Comments and Observations***

**Proper Accounting for Non Authority Business**

The PHA is involved with a non-profit entity named the Ruston Development Corporation which is in the process of developing elderly low-income housing utilizing tax-credit and bank financing sources. Certain PHA personnel and Board members are involved in the Corporation and have been apart of the initial start-up phase of the development. The total costs absorbed by the PHA is under \$1,000 and is noted in the related parties note to the financial statements. The PHA and Corporations minutes were not separated during this fiscal year but we could denote which business applied to which entity.

We recommend that the PHA totally separate the activity of the Corporation and Authority business and charge the Corporation fees and costs incurred by the PHA throughout the course of business. We also recommend that the PHA separate the Board minutes for the Corporation from the Authority Board minutes.

Additionally, the Corporation received over \$25,000 in receipts and is subject to IRS regulations regarding tax return. A return should be completed at the end of calendar and fiscal year-end 2006.

This information is intended solely for the use of the Audit Committee, Board of Commissioners, and management of Housing Authority of the Town of Ruston and should not be used for any other purpose.

Very truly yours,

RECTOR, MOFFITT & LINDSAY, P.C.  
Certified Public Accountants