

RECEIVED
LEGISLATIVE AUDITOR
2003 JAN -3 PM 2:04

HOUSING AUTHORITY OF THE TOWN OF RUSTON

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 1/22/03

Annual Audit Report

RUSTON, LOUISIANA
JUNE 30, 2002

Jean Sickels

Certified Public Accountant

870 Cinderella Court
Decatur, GA 30033
(404)297-9881

R.R. # 1 BOX 187
Larwill, IN 46764
(219)327-3475

HOUSING AUTHORITY
OF THE TOWN OF RUSTON

RUSTON, LOUISIANA
JUNE 30, 2002

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
 <u>FINANCIAL STATEMENTS</u>	
Balance Sheet	2
Statement of Income, Expenses and Changes in Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5
 <u>SUPPLEMENTAL FINANCIAL INFORMATION</u>	
Combining Balance Sheet	12
Combining Statement of Income, Expenses and Changes in Equity	13
Statement of Actual Comprehensive Grant - Completed	14
Financial Data Schedule	15
Schedule of Expenditures of Federal Awards	20
 <u>OTHER REPORTS</u>	
Report on Compliance and On Internal Control over Financial Reporting based on an audit of Financial Statements Performed In accordance with <i>Government Auditing Standards</i>	21
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	23
Schedule of Findings and Questioned Costs	25

Jean Sickels

Certified Public Accountant

**870 Cinderella Court
Decatur, GA 30033-5812**

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Ruston
P.O. Box 2288
Ruston, Louisiana 71273

I have audited the accompanying financial statements of the Housing Authority of the Town of Ruston, as of and for the year ended June 30, 2002 as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2002 and the results of its income, expenses and changes in equity and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 25, 2002 on my consideration of the Housing Authority of the Town of Ruston's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The reports on compliance with laws and regulations and internal control over financial reporting are an integral part of a *Governmental Auditing Standards* audit, and, in considering the results of the audit, these reports should be read along with the auditor's report on the financial statements.

My audit was made for the purpose of forming an opinion on the financial statements of the Housing Authority of the Town of Ruston, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying Financial Data Schedule and supplemental information as listed in the table of contents is presented for the purpose of additional analysis and is not a part of the general-purpose financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements, and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Jean Sickels
Certified Public Accountant

Decatur, Georgia
November 25, 2002

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

BALANCE SHEET
JUNE 30, 2002

ASSETS

Current Assets

Cash	\$	443,345
Accounts receivable		284,302
Interprogram due from		260,669
Prepaid expenses		47,278
Inventory		39,048
Current Assets		<u>1,074,642</u>

Restricted Cash

33,296

Property and Equipment

Fixed assets		<u>2,342,208</u>
Property and Equipment		<u>2,342,208</u>

TOTAL ASSETS

\$ 3,450,146

LIABILITIES AND EQUITY

Current liabilities

Accounts payable	\$	188,980
Accrued liabilities		102,480
Deferred revenue		2,869
Interprogram due to		260,668
Current liabilities		<u>554,997</u>

Equity

Retained earnings		1,662,031
Contributed capital		<u>1,233,118</u>
Total Equity		<u>2,895,149</u>

TOTAL LIABILITIES
AND EQUITY

\$ 3,450,146

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

STATEMENT OF INCOME, EXPENSES AND CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2002

OPERATING REVENUES

Total rental income	\$ 629,805
Other income	24,517
	<hr/>
TOTAL OPERATING REVENUE	654,322

OPERATING EXPENSES

Administrative	294,742
Tenant services	79,683
Utilities	202,231
Ordinary maintenance and operation	395,233
Protective Services	45,522
General expense	103,822
Depreciation expense	150,418
Casualty losses	9,850
	<hr/>
TOTAL OPERATING EXPENSES	1,281,501

NONOPERATING REVENUES (EXPENSES)

Intergovernmental	1,186,270
Interest income	12,931
	<hr/>

TOTAL NONOPERATING REVENUES (EXPENSES)	1,199,201
---	-----------

NET INCOME (LOSS) 572,022

EQUITY - JULY 1, 2001 2,324,241

Prior period adjustments

(1,114)

EQUITY - JUNE 30, 2002 \$ 2,895,149

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002

Cash Flows from Operating Activities

Net income	\$	572,022
Adjustments to reconcile net income to net cash Provided by operating activities:		
Depreciation		150,418
Prior period adjustments		(1,114)
Interest income		(12,931)
HUD grants received		(1,186,270)
(Increase) Decrease in:		
Accounts receivable		(201,180)
Prepaid expenses		(15,748)
Inventory		(4,793)
Increase (Decrease) in:		
Accounts payable		137,759
Accrued liabilities		14,581
Deferred revenue		2,869
Net Cash Flows Provided (Used) by Operating Activities		<u>(544,387)</u>

Cash Flows from Investing Activities

Interest income		<u>12,931</u>
-----------------	--	---------------

Cash Flows from Capital and Related Financing Activities

HUD grants received		1,186,270
Purchase of Fixed assets		<u>(691,571)</u>

Net Cash Flows Provided (Used) from Capital and Related Financing Activities		<u>494,699</u>
---	--	----------------

Net Increase (Decrease) in Cash		(36,757)
------------------------------------	--	----------

Beginning Cash and Cash Equivalents		<u>513,398</u>
--	--	----------------

Ending Cash and Cash Equivalents	\$	<u><u>476,641</u></u>
-------------------------------------	----	-----------------------

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE A - Summary of Significant Accounting Policies:

The HOUSING AUTHORITY OF THE TOWN OF RUSTON ("The Authority") is a political subdivision both corporate and politic which was established under the provision of Louisiana Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into an annual contributions contract with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a public housing program under Annual Contributions Contract FW-1074.

Reporting Entity

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

HOUSING AUTHORITY OF THE TOWN OF RUSTON

The financial statements of the HOUSING AUTHORITY OF THE TOWN OF RUSTON include the following:

Management:

The Authority had 300 units in management at June 30, 2002.

Project

PHA Owned

Units

300

The authority is also administering Comprehensive Grants, Capital Fund Grants and Drug Grants. The Authority also acts as the contract administrator for the Farmerville Housing Authority.

Basis of Presentation

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Pursuant to the election option made available by GASB Statement No. 20 pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are applied in the preparation of the financial statements. The following is a summary of the more significant policies:

Accounting Policies - The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Proprietary funds:

Proprietary funds are used to account for the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund type:

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred, and / or net income is necessary for management accountability.

Basis of accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the accrual basis of accounting for all Governmental Funds. Accordingly, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets - Budgets are adopted on the basis of accounting consistent with the fund to which it applies. The Authority prepares annual operating budgets for the Low Income Public Housing program. The budgets are formally adopted by its governing Board and are approved by the funding agency. The budgets for the programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

Budget compared to actual presentation has been omitted because the authority does not annually adopt a legally authorized budget. The authority's budget is adopted by the authority's board and approved by HUD. This budget does not represent an appropriated budget that has been signed into law or a nonappropriated budget authorized by constitution. The authority's budget represents budgetary execution and management by it's board and HUD, therefore, budgetary data and presentation is not required.

Cash Deposits and Cash Equivalents - Cash Deposits and Cash Equivalents consist of Certificates of Deposit and are stated at fair value. Cash deposits and cash equivalents are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. All cash deposits and cash equivalents are classified as category 1 cash deposits and cash equivalents. Category 1 deposits are insured or registered or are securities that are held by the government or it's agent in the government name.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid deposits (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. There were no noncash investing, capital and financing activities during the year.

Tenant Receivables - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Housing Authority Board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Interprogram Due From and Due To - During the course of it's operations, the authority has inter-fund transactions to finance operations and provide services. Inter-fund accounts receivable and payable have been recorded to recognize transactions between funds for which the applicable cash transfer had not been made as of the balance sheet date.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Fixed assets - Fixed assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$1,000 or greater. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Building	40 years
Leasehold improvements	15 years
Furniture & Fixtures	5 years
Maintenance equipment	5 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

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

NOTE B - Accounts Receivable:

Accounts receivable at June 30, 2002 consist of the following:

Tenants accounts receivable - net of allowance of \$2,266	\$ 3,497
HUD accounts receivable	260,668
Miscellaneous accounts receivable	15,078
Accrued interest receivable	<u>5,059</u>
Total	<u>\$ 284,302</u>

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)

NOTE C - Cash Deposits and Cash Equivalents:

The Authority's cash deposits and cash equivalents include deposits with financial institutions. The carrying amount of the Authority's deposits were \$476,641 and the bank balance was \$511,757. The bank balance is categorized as follows:

Amount insured by the FDIC or collateralized with securities held by third party custodians in the Authority's name.	\$ 511,757
Amount collateralized with securities held by the Pledging financial institution's trust department in the Authority's name.	<u>0</u>
Total-bank balance	<u>\$ 511,757</u>

Cash deposits and cash equivalents made by the Authority are summarized below. The cash deposits and cash equivalents that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 - Insured or registered, or security's held by the Authority or its agent in the Authority's name.
- Category 2 - Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Authority's name.
- Category 3 - Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the Authority's name.

Cash Deposits and Cash Equivalents at June 30, 2002 consist of the following:

	Category			Carrying Amount	Market Value
	1	2	3		
Checking	\$ 84,844	\$ 0	\$ 0	\$ 84,844	\$ 84,844
Certificates of Deposit	391,797	0	0	391,797	391,797
	<u>\$ 476,641</u>	<u>\$ 0</u>	<u>\$ 0</u>	476,641	476,641
Investment in state investment pool				0	0
Total cash deposits and cash equivalents				<u>\$ 476,641</u>	<u>\$ 476,641</u>

Restricted investments include tenant security deposits.

NOTE D - Inter program accounts receivable and payable:

Inter program accounts receivable and payable consist of the following:

	Accounts Receivable	Accounts Payable
Low Rent Public Housing	\$ 260,669	\$ 0
Drug Elimination Program	0	12,004
Comprehensive Grant Program	0	6,866
Capital Fund Program	<u>0</u>	<u>241,798</u>
Total	<u>\$ 260,669</u>	<u>\$260,668</u>

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)

NOTE E - Prepaid expenses:

Prepaid expenses at June 30, 2002 consist of the following:

Prepaid insurance \$ 47,278

NOTE F - Inventory:

Inventory at June 30, 2002 consist of the following:

Materials and supplies \$ 39,048

Materials inventories are recorded at cost. The first in first out (FIFO) inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

NOTE G - Fixed Assets:

A summary of changes in fixed assets is as follows:

	Balance June 30, 2001	Additions/ Reclassif- ications	Additions	Balance June 30, 2002
Land	\$ 36,279	\$ 0	\$ 0	\$ 36,279
Buildings	3,601,846	0	0	3,601,846
Equipment	346,226	0	(14,624)	331,602
Leasehold Improvements	3,796,092	0	0	3,796,092
Construction in Process	737,235	691,568	0	1,428,803
Accumulated Depreciation	<u>(6,716,623)</u>	<u>(150,418)</u>	<u>14,627</u>	<u>(6,852,414)</u>
	<u>\$ 1,801,055</u>	<u>\$ 541,150</u>	<u>\$ 3</u>	<u>\$ 2,342,208</u>

Major construction renovation through the Capital Fund Programs costs of \$783,608 are yet to be expended under the current programs. HUD has approved funding for the above amount.

Depreciation expense of \$150,418 was incurred during the year.

NOTE H - Accounts payable:

Accounts payable at June 30, 2002, consist of the following:

Vendors accounts payable \$ 155,684
 Tenant security deposits 33,296
 Total \$ 188,980

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

(Continued)

NOTE I - Accrued liabilities:

Accrued liabilities at June 30, 2002, consist of the following:

Accrued payroll taxes payable	\$ 15,586
Accrued compensated absences	<u>86,894</u>
Total	<u>\$ 102,480</u>

NOTE J - Deferred Revenue:

Deferred revenue at June 30, 2002, consist of the following:

Prepaid rent	<u>\$ 2,869</u>
--------------	-----------------

NOTE K - Annual Contributions by Federal Agencies:

Annual Contributions Contract FW-1074 - Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved under the Performance Funding System. Operating subsidy contributions for the year ended June 30, 2002 were \$320,864.

NOTE L - Contingencies:

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examinations for the year ended June 30, 2002. Areas of noncompliance, if any, as a result of examinations would be included as a part of the "Schedule of Findings and Questioned Costs" section of this report.

NOTE M - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management.

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 N - Pension Plan:

The Authority provides pension benefits for all its full-time employees through a defined contribution plan. The authority participates in the Housing-Renewal and Local Agency Retirement Plan. The plan administrator is William M. Mercer, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The Authority contributes an amount equal to 8.5% of the employee's base salary each month. The contribution rates were established in the authority's joinder agreement. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Authority's current-period contribution requirement.

The Authority's contributions were calculated using the base salary amount of \$367,437. The Authority made the required contributions, amounting to \$31,232 from the Authority and \$22,046 from the employees.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002
(Continued)

NOTE O - Economic Dependency:

The Authority receives approximately 64% of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD falls below critical levels, the Authority's operating reserves could be adversely affected.

NOTE P - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by the United States Department of HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Housing Authority of the Town of Ruston.

HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

NOTE Q - Prior Period Adjustments:

Prior period adjustments consist of the following:

Correction of prior period errors	<u>\$ (1,114)</u>
-----------------------------------	--------------------

NOTE R - Reconciliation of Equity:

	<u>Retained Earnings</u>	<u>Contributed Capital</u>	<u>Total</u>
Balance at June 30, 2001	\$ 940,708	\$ 1,383,533	\$ 2,324,241
Net income	722,437	(150,415)	572,022
Prior period adjustments	<u>(1,114)</u>	<u>0</u>	<u>(1,114)</u>
Balance at June 30, 2002	<u>\$ 1,662,031</u>	<u>\$ 1,233,118</u>	<u>\$ 2,895,149</u>

NOTE S - Construction Commitments:

At June 30, 2002, the Authority had outstanding construction commitments of \$108,429 pertaining to its Capital Fund Program. These costs will be paid by grants committed to the Authority by HUD.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

COMBINING BALANCE SHEET
JUNE 30, 2002

	Annual Contri	
	FW-1074	FW-1074
	Low Rent Public Housing	PIH Drug Elimination Program
ASSETS		
<u>Current Assets</u>		
Cash	\$ 443,345	\$ 0
Accounts receivable	23,634	12,004
Interprogram due from	260,669	0
Prepaid expenses	47,278	0
Inventory	39,048	0
Current Assets	813,974	12,004
Restricted Cash	33,296	0
<u>Property and Equipment</u>		
Fixed assets	913,405	0
Property and Equipment	913,405	0
TOTAL ASSETS	\$ 1,760,675	\$ 12,004
 <u>LIABILITIES AND EQUITY</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 188,980	\$ 0
Accrued liabilities	102,480	0
Deferred revenue	2,869	0
Interprogram due to	0	12,004
Current liabilities	294,329	12,004
 <u>Equity</u>		
Retained earnings	552,941	0
Contributed capital	913,405	0
Total Equity	1,466,346	0
TOTAL LIABILITIES AND EQUITY	\$ 1,760,675	\$ 12,004

Contributions Contracts

<u>FW-1074</u>		<u>FW-1074</u>		
<u>Capital</u>		<u>Comprehensive</u>		
<u>Fund</u>		<u>Grant</u>		
<u>Program</u>		<u>Program</u>		<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 443,345	
241,798	6,866	284,302		
-0	0	260,669		
0	0	47,278		
0	0	39,048		
<u>241,798</u>	<u>6,866</u>	<u>1,074,642</u>		
0	0	33,296		
771,433	657,370	2,342,208		
<u>771,433</u>	<u>657,370</u>	<u>2,342,208</u>		
\$ <u>1,013,231</u>	\$ <u>664,236</u>	\$ <u>3,450,146</u>		
\$ 0	\$ 0	\$ 188,980		
0	0	102,480		
0	0	2,869		
241,798	6,866	260,668		
<u>241,798</u>	<u>6,866</u>	<u>554,997</u>		
771,433	337,657	1,662,031		
0	319,713	1,233,118		
<u>771,433</u>	<u>657,370</u>	<u>2,895,149</u>		
\$ <u>1,013,231</u>	\$ <u>664,236</u>	\$ <u>3,450,146</u>		

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

COMBINING STATEMENT OF INCOME, EXPENSES AND CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2002

	Annual Contri	
	FW-1074	FW-1074
	Low Rent Public Housing	PIH Drug Elimination Program
<u>OPERATING REVENUES</u>		
Total rental income	\$ 629,805	0
Other income	24,517	0
TOTAL OPERATING REVENUE	654,322	0
<u>OPERATING EXPENSES</u>		
Administrative	246,419	0
Tenant services	247	79,436
Utilities	202,231	0
Ordinary maintenance and operation	395,233	0
Protective Services	0	45,522
General expense	103,822	0
Depreciation expense	150,418	0
Casualty losses	9,850	0
TOTAL OPERATING EXPENSES	1,108,220	124,958
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Intergovernmental	320,864	124,958
Interest income	12,931	0
TOTAL NONOPERATING REVENUES (EXPENSES)	333,795	124,958
NET INCOME (LOSS)	(120,103)	0
EQUITY - JULY 1, 2001	1,587,006	0
Prior period adjustments	(557)	0
EQUITY - JUNE 30, 2002	\$ 1,466,346	0

Contributions Contracts

<u>FW-1074</u>	<u>FW-1074</u>	
Capital Fund Program	Comprehensive Grant Program	<u>Total</u>
\$ 0	\$ 0	\$ 629,805
<u>0</u>	<u>0</u>	<u>24,517</u>
0	0	654,322
39,223	9,100	294,742
0	0	79,683
0	0	202,231
0	0	395,233
0	0	45,522
0	0	103,822
0	0	150,418
<u>0</u>	<u>0</u>	<u>9,850</u>
<u>39,223</u>	<u>9,100</u>	<u>1,281,501</u>
676,404	64,044	1,186,270
<u>0</u>	<u>0</u>	<u>12,931</u>
<u>676,404</u>	<u>64,044</u>	<u>1,199,201</u>
637,181	54,944	572,022
130,307	606,928	2,324,241
<u>3,945</u>	<u>(4,502)</u>	<u>(1,114)</u>
<u>\$ 771,433</u>	<u>\$ 657,370</u>	<u>\$ 2,895,149</u>

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

STATEMENT OF ACTUAL COMPREHENSIVE GRANT COSTS - COMPLETED
FOR THE YEAR ENDED JUNE 30, 2002

Annual Contributions Contract FW-1074

Phase 706-98

1. The Comprehensive Grant Costs of Phase 706-98 were as follows:

Funds Approved	\$ 361,854.00
Funds Expended	<u>361,854.00</u>
Excess/(Deficiency) of Funds Approved	\$ <u>0.00</u>
Funds Advanced	\$ 361,854.00
Funds Expended	<u>361,854.00</u>
Excess/(Deficiency) of Funds Advanced	\$ <u>0.00</u>

2. Cost additions totaling \$ 0.00 were made during the current audit period and, accordingly, were audited by Jean Sickels, CPA.
3. The distribution of costs by project as shown on the Final Statement of Comprehensive Grant are in agreement with the PHA records and were approved by HUD.
4. All comprehensive grant work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged mechanics', laborers', contractors', or material-men's liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.
6. There were no budget overruns.

PHA: LA054 FYED: 06/30/2002

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Grant Program	Public Housing Comprehensive Program	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$443,345	\$0	\$0	\$0	\$0	\$443,345
114	Cash - Tenant Security Deposits	\$33,296	\$0	\$0	\$0	\$0	\$33,296
100	Total Cash	\$476,641	\$0	\$0	\$0	\$0	\$476,641
122	Accounts Receivable - HUD Other Projects	\$0	\$12,004	\$6,866	\$0	\$241,798	\$260,668
124	Accounts Receivable - Other Government	\$15,078	\$0	\$0	\$0	\$0	\$15,078
126	Accounts Receivable - Tenants - Dwelling Rents	\$5,763	\$0	\$0	\$0	\$0	\$5,763
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-2,266	\$0	\$0	\$0	\$0	\$-2,266
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$5,059	\$0	\$0	\$0	\$0	\$5,059
120	Total Receivables, net of allowances for doubtful accounts	\$23,634	\$12,004	\$6,866	\$0	\$241,798	\$284,302
142	Prepaid Expenses and Other Assets	\$47,278	\$0	\$0	\$0	\$0	\$47,278
143	Inventories	\$39,048	\$0	\$0	\$0	\$0	\$39,048
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$260,669	\$0	\$0	\$0	\$0	\$260,669
150	Total Current Assets	\$847,270	\$12,004	\$6,866	\$0	\$241,798	\$1,107,938
161	Land	\$36,279	\$0	\$0	\$0	\$0	\$36,279
162	Buildings	\$3,601,846	\$0	\$0	\$0	\$0	\$3,601,846
163	Furniture, Equipment & Machinery - Dwellings	\$103,612	\$0	\$0	\$0	\$0	\$103,612
164	Furniture, Equipment & Machinery - Administration	\$227,990	\$0	\$0	\$0	\$0	\$227,990
165	Leasehold Improvements	\$3,796,092	\$0	\$0	\$0	\$0	\$3,796,092
166	Accumulated Depreciation	\$-6,852,414	\$0	\$0	\$0	\$0	\$-6,852,414
167	Construction In Progress	\$0	\$0	\$657,370	\$0	\$771,433	\$1,428,803
160	Total Fixed Assets, Net of Accumulated Depreciation	\$913,405	\$0	\$657,370	\$0	\$771,433	\$2,342,208
180	Total Non-Current Assets	\$913,405	\$0	\$657,370	\$0	\$771,433	\$2,342,208
190	Total Assets	\$1,760,675	\$12,004	\$664,236	\$0	\$1,013,231	\$3,450,146

PHA: LA054 FYED: 06/30/2002

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Grant Program	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$155,684	\$0	\$0	\$0	\$155,684
321	Accrued Wage/Payroll Taxes Payable	\$15,586	\$0	\$0	\$0	\$15,586
322	Accrued Compensated Absences - Current Portion	\$86,894	\$0	\$0	\$0	\$86,894
341	Tenant Security Deposits	\$33,296	\$0	\$0	\$0	\$33,296
342	Deferred Revenues	\$2,869	\$0	\$0	\$0	\$2,869
347	Interprogram Due To	\$0	\$12,004	\$6,866	\$241,798	\$260,668
310	Total Current Liabilities	\$294,329	\$12,004	\$6,866	\$241,798	\$554,997
350	Total Noncurrent Liabilities	\$0	\$0	\$0	\$0	\$0
300	Total Liabilities	\$294,329	\$12,004	\$6,866	\$241,798	\$554,997
504	Net HUD PHA Contributions	\$913,405	\$0	\$319,713	\$0	\$1,233,118
508	Total Contributed Capital	\$913,405	\$0	\$319,713	\$0	\$1,233,118
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0
512	Undesignated Fund Balance/Retained Earnings	\$552,941	\$0	\$337,657	\$771,433	\$1,662,031
513	Total Equity/Net Assets	\$1,466,346	\$0	\$657,370	\$771,433	\$2,895,149
600	Total Liabilities and Equity/Net Assets	\$1,760,675	\$12,004	\$664,236	\$1,013,231	\$3,450,146

PHA: LA054 FYED: 06/30/2002

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Comprehensive Grant Program	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$515,992	\$0	\$0	\$0	\$515,992
704	Tenant Revenue - Other	\$113,813	\$0	\$0	\$0	\$113,813
705	Total Tenant Revenue	\$629,805	\$0	\$0	\$0	\$629,805
706	HUD PHA Operating Grants	\$320,864	\$124,958	\$9,099	\$39,222	\$494,143
706.1	Capital Grants	\$0	\$0	\$54,945	\$637,182	\$692,127
711	Investment Income - Unrestricted	\$12,931	\$0	\$0	\$0	\$12,931
715	Other Revenue	\$24,417	\$0	\$0	\$0	\$24,417
716	Gain/Loss on Sale of Fixed Assets	\$100	\$0	\$0	\$0	\$100
700	Total Revenue	\$988,117	\$124,958	\$64,044	\$676,404	\$1,853,523

PHA: LA054 FYED: 06/30/2002

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Grant Program	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$117,386	\$0	\$0	\$0	\$117,386
912	Auditing Fees	\$3,796	\$0	\$500	\$0	\$4,296
914	Compensated Absences	\$1,339	\$0	\$0	\$0	\$1,339
915	Employee Benefit Contributions - Administrative	\$57,818	\$0	\$0	\$0	\$57,818
916	Other Operating - Administrative	\$66,080	\$0	\$8,600	\$39,223	\$113,903
924	Tenant Services - Other	\$247	\$79,436	\$0	\$0	\$79,683
931	Water	\$20,590	\$0	\$0	\$0	\$20,590
932	Electricity	\$133,137	\$0	\$0	\$0	\$133,137
933	Gas	\$4,135	\$0	\$0	\$0	\$4,135
938	Other Utilities Expense	\$44,369	\$0	\$0	\$0	\$44,369
941	Ordinary Maintenance and Operations - Labor	\$163,985	\$0	\$0	\$0	\$163,985
942	Ordinary Maintenance and Operations - Materials and Other	\$54,286	\$0	\$0	\$0	\$54,286
943	Ordinary Maintenance and Operations - Contract Costs	\$91,834	\$0	\$0	\$0	\$91,834
945	Employee Benefit Contributions - Ordinary Maintenance	\$85,128	\$0	\$0	\$0	\$85,128
953	Protective Services - Other	\$0	\$45,522	\$0	\$0	\$45,522
961	Insurance Premiums	\$76,935	\$0	\$0	\$0	\$76,935
964	Bad Debt - Tenant Rents	\$26,887	\$0	\$0	\$0	\$26,887
969	Total Operating Expenses	\$947,952	\$124,958	\$9,100	\$39,223	\$1,121,233
970	Excess Operating Revenue over Operating Expenses	\$40,165	\$0	\$54,944	\$637,181	\$732,290
972	Casualty Losses - Non-Capitalized	\$9,850	\$0	\$0	\$0	\$9,850
974	Depreciation Expense	\$150,418	\$0	\$0	\$0	\$150,418
900	Total Expenses	\$1,108,220	\$124,958	\$9,100	\$39,223	\$1,281,501
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-120,103	\$0	\$54,944	\$637,181	\$572,022

PHA: LA054 FYED: 06/30/2002

Line Item No.	Account Description	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Grant Program	Public Housing Capital Fund Program	Total
1101	Capital Outlays Enterprise Fund	\$0	\$0	\$0	\$0	\$0
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,587,006	\$0	\$606,928	\$130,307	\$2,324,241
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$-557	\$0	\$-4,502	\$3,945	\$-1,114
1120	Unit Months Available	3,360	0	0	0	3,360
1121	Number of Unit Months Leased	3,280	0	0	0	3,280

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>
FW-1074	<u>U. S. DEPARTMENT OF HUD</u> Low Income Public Housing	14.850	\$ 320,864	\$ 320,864 A
FW-1074	Drug Elimination Grant Program	14.854	414,764	124,958 B*
FW-1074	Comprehensive Grant Program	14.859	776,653	64,044
FW-1074	Capital Fund Program	14.872	<u>1,059,816</u>	<u>676,404</u> A*
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$2,572,097</u>	<u>\$1,186,270</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting as described in Note A.

Note 2 Major Programs

Programs are labeled as either a type "A" program or a type "B" program as required by OMB Circular A-133. Type "A" programs are programs that have expenditures in excess of 300,000. Type "B" programs have expenditures of less than 300,000.

A - Indicates a type "A" federal financial assistance program as defined by OMB Circular A-133

B - Indicates a type "B" federal financial assistance program as defined by OMB Circular A-133

* - Indicates a program audited as major.

OTHER REPORTS

Jean Sickels

Certified Public Accountant

**870 Cinderella Court
Decatur, GA 30033-5812**

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the Town of Ruston
P.O. Box 2288
Ruston, Louisiana 71273

I have audited the financial statements of the Housing Authority of the Town of Ruston, as of and for the year ended June 30, 2002 and have issued my report thereon dated November 25, 2002. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Ruston's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 01-01, 01-02, and 01-03.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority of the Town of Ruston's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Housing Authority of the Town of Ruston's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-01, and 02-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the audit committee, management, Department of Housing and Urban Development, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountant

Decatur, Georgia
November 25, 2002

Jean Sickels

Certified Public Accountant

**870 Cinderella Court
Decatur, GA 30033-5812**

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
P.O. Box 2288
Ruston, Louisiana 71273

Compliance

I 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, 2002. 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. My responsibility is to express an opinion on the Housing Authority of the Town of Ruston's compliance based on my audit.

I conducted my 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Housing Authority of the Town of Ruston's compliance with those requirements.

As described in items 01-01, 01-02, and 01-03 in the accompanying schedule of findings and questioned costs, the Housing Authority of the Town of Ruston did not comply with requirements regarding reporting, real property management, and special tests and provisions that is applicable to its Drug Elimination Grant and Capital Fund Programs. Compliance with such requirements is necessary, in my opinion, for the Housing Authority of the Town of Ruston to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, 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, 2002.

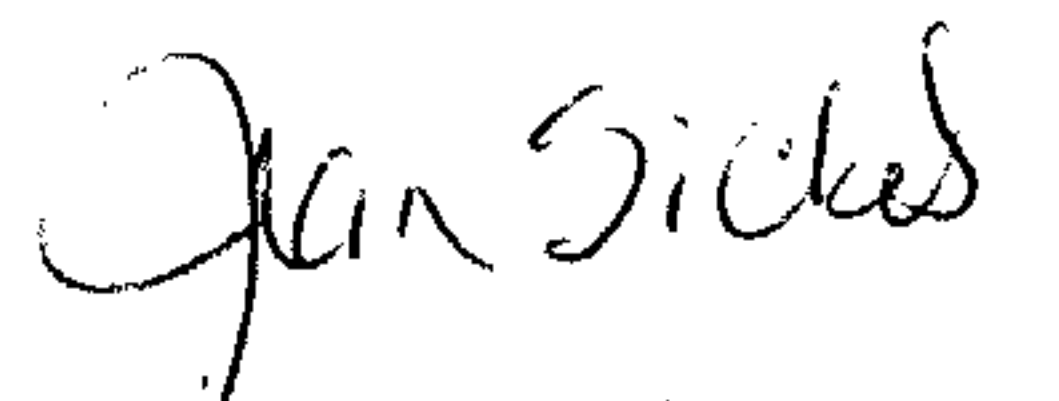
Internal Control Over Compliance

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 my audit, I 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 my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgement, could adversely affect the Housing Authority of the Town of Ruston's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 01-01, 01-02, and 01-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants 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. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Department of Housing and Urban Development and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified.



Certified Public Accountant

Decatur, Georgia
November 25, 2002

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

JUNE 30, 2002

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITORS RESULTS

FINANCIAL STATEMENTS

Type of auditors' 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 material weaknesses? X yes none reported

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 material weakness(es)? X yes none reported

Type of auditors' report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.854	Drug Elimination Grant Program
14.872	Capital Fund Program

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

Auditee qualified as low-risk auditee? X yes no

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

The audit contained the following three findings for the year ended June 30, 2001. Their current condition is as follows:

<u>Finding #</u>	<u>Condition</u>	<u>Status</u>
01-01	Reporting	Continues
01-02	Supporting Documentation for Account Balances	Continues
01-03	Performance Finding System (PFS)	Continues

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

JUNE 30, 2002

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

01-01 CONDITION: **REPORTING**

 The Financial Data Schedule that is due to be submitted to REAC by August 15 was not submitted until December.

CURRENT
CONDITION: The unaudited submission is now due within 60 days. The report was due by the end of August and was not submitted until September 12.

CFDA #: 14.850, 14.854, 14.859, 14.872

CRITERIA: REAC requires submission of the unaudited version of the financial data schedule within 2½ months after the year end.

CAUSE/EFFECT: The unaudited version was not submitted within the required time frame.

RECOMMENDATION: Implement a system of internal control to insure filing deadlines are met.

REPLY: The fee accountant, Mike Wilt and Housing Authority accountant, Kim King, will monitor the process and submit future financial statements before the due date.

This finding continues.

01-02 CONDITION: **SUPPORTING DOCUMENTATION FOR ACCOUNT BALANCES**

 There is a lack of proper supporting documentation for the interest accrual, inventory, allowance for doubtful accounts, petty cash, and comprehensive grant accounts. The authority does not have a system of internal control for monitoring the fee accountants work.

CURRENT
CONDITION: The Authority does not have a complete year end financial report on site. The monthly financial reports and grant schedules submitted to the board contain inaccuracies. There is a lack of internal control in the preparation of the monthly reports throughout the year under review. There is a lack of internal control over budgeting in the grant programs. There is a lack of supporting documentation for grant programs, fixed assets and payroll allocations.

CFDA #: 14.850, 14.854, 14.859, 14.872

CRITERIA: HUD Guidebook 7511 requires sufficient internal control procedures to ensure account balances are accurate. Statement on auditing standards (SAS) 70 requires the authority to monitor the internal controls of a third party service provider.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

JUNE 30, 2002

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

01-02 **CONDITION:** SUPPORTING DOCUMENTATION FOR ACCOUNT BALANCES
 (Continued)

CAUSE/EFFECT: The Authority does not review or reconcile to the fee accountants monthly General Ledger. The fee accountant does not provide timely information for the Housing Authority. The Housing Authority does not have access to the General Ledger or the original documentation.

RECOMMENDATION: Printed copies of the General Ledger should be given to the authority on a timely basis. All original documentation should be returned to the authority on a monthly basis. Procedures should be put in place to review the fee accountants work. Reconciliations of all comprehensive grant expenditures should be completed. The fixed asset accounting system should be improved.

REPLY: The Housing Authority will improve the system of internal controls and document the entire system, including existing procedures and additional procedures implemented in the future. The Housing Authority will begin reconciling the grant accounts every month and will improve the documentation. Work papers will be copied and given to the PHA at the end of each year. Preliminary financial reports, if issued in the future, will be clearly marked as such. Petty cash and A/R repayment agreements will be adjusted monthly. Allowance of doubtful accounts will be adjusted quarterly. The Housing Authority will replace the current software system of record keeping for fixed assets used by the PHA. The accountant will adjust the payroll reconciliation schedules if future adjustments are made the gross wage accounts after the reconciliation is completed.

This finding continues.

01-03 **CONDITION:** PERFORMANCE FINDING SYSTEM (PFS)

 The Housing Authority received less subsidy than it was entitled to according to the rent roll reported.

CURRENT
CONDITION: There was a lack of supporting documentation for the current years rent roll figure.

CFDA #: 14.850

CRITERIA: The 7475.13 HUD Guidebook for PFS requires accurate amounts to be used in the calculations.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

JUNE 30, 2002

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

01-03 CONDITION: PERFORMANCE FINDING SYSTEM (PFS) (Continued)

CAUSE/EFFECT: The Authority did not maintain supporting documentation for the rent roll amount submitted.

RECOMMENDATION: The Authority should work with the HUD office to correct the amount of subsidy received.

REPLY: The fee accountant took appropriate action, in January 2002. However, this finding continues because the first opportunity to implement this action on the prior year finding was documentation of the work that will be considered in the fiscal year 2003 audit.

This finding continues.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings 01-01, 01-02, and 01-03 are also considered federal award findings.