

4089

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

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

YEAR ENDED JUNE 30, 2007

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 4/2/08

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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, 2007, 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, 2007, 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 6, 2007 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.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Housing Authority of the Town of Ruston. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and 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 6, 2007



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

MANAGEMENT DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2007

HOUSING AUTHORITY OF THE TOWN OF RUSTON MANAGEMENT'S DISCUSSION & ANALYSIS FISCAL YEAR ENDED JUNE 30, 2007

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, 2007.

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 \$106,608 (3%). 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**

	<u>2007</u>	<u>2006</u>	<u>Total Change</u>	<u>% Change</u>
Current Assets	732,003	717,003	15,000	2.09%
Capital Assets	3,313,931	3,211,383	102,548	3.19%
Total Assets	4,045,934	3,928,386	117,548	2.99%
Current Liabilities	80,382	74,177	6,205	8.37%
Noncurrent Liabilities	38,873	34,138	4,735	13.87%
Total Liabilities	119,255	108,315	10,940	10.10%
Invested in Capital Assets, Net of Related Debt	3,313,931	3,211,383	102,548	3.19%
Unrestricted Net Assets	612,748	608,688	4,060	0.67%
Total Net Assets	3,926,679	3,820,071	106,608	2.79%
Total Liabilities & Net Assets	4,045,934	3,928,386	117,548	2.99%

As illustrated in the Combined Statement of Net Assets, the overall Net Assets of the Authority increased by \$106,608. The "Invested in Capital Assets" increased by \$102,548. The net change in Invested in Capital Assets, net of related debt, was due to \$329,457 capital hard costs additions from the Capital Fund and depreciation expense of \$226,909. The Unrestricted Net Assets increased by \$4,060. 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

	2007	2006	Total Change	% Change
Tenant Revenue	737,155	675,869	61,286	9.07%
Grant Funding	855,964	961,108	(105,144)	-10.94%
Interest Income	16,467	17,260	(793)	-4.59%
Other Income	71,547	68,600	2,947	4.30%
Gain/(Loss) on sale of Fixed Assets	-	27,103	(27,103)	-100.00%
Total Revenue	1,681,133	1,749,940	(68,807)	-3.93%
Administration	350,267	357,364	(7,097)	-1.99%
Tenant Services	93,360	101,229	(7,869)	-7.77%
Utilities	272,204	253,429	18,775	7.41%
Maintenance	505,559	526,975	(21,416)	-4.06%
Protective services	-	12,992	(12,992)	-100.00%
General expense	126,226	118,537	7,689	6.49%
Depreciation	226,909	231,581	(4,672)	-2.02%
Total Expenses	1,574,525	1,602,107	(27,582)	-1.72%
Prior period adjustments	-	-	-	0.00%
Change in Net Assets	106,608	147,833	(41,225)	-27.89%
Beginning Net Assets	3,820,071	3,672,238	147,833	4.03%
Ending Net Assets	3,926,679	3,820,071	106,608	2.79%

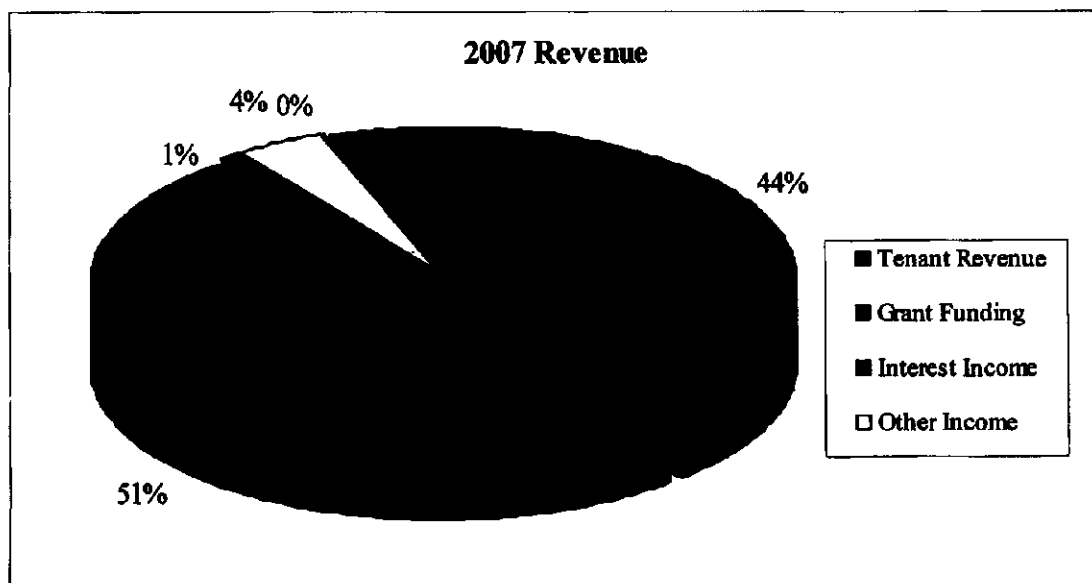
Housing Authority of the Town of Ruston
Combined Statement of Revenues, Expenses and Change in Net Assets - By Program
For the Year Ended June 30, 2007

TABLE III

	Low-Rent	Capital Fund	Business Type Activity	Total
Tenant Revenue	733,381	-	3,774	737,155
Grant Funding	431,164	424,800	-	855,964
Interest Income	16,467	-	-	16,467
Other Income	71,547	-	-	71,547
Total Revenue	1,252,559	424,800	3,774	1,681,133
Administration	302,924	47,343	-	350,267
Tenant Services	45,360	48,000	-	93,360
Utilities	272,204	-	-	272,204
Maintenance	504,968	-	-	504,968
Protective services	-	-	-	-
General expense	126,226	-	-	126,226
Other	591	-	-	591
Depreciation	225,676	-	1,233	226,909
Total Expenses	1,477,949	95,343	1,233	1,574,525
Change in Net Assets	(225,390)	329,457	2,541	106,608
Beginning Net Assets	3,119,616	675,590	24,865	3,820,071
Equity transfers	-	-	-	-
Prior period adjustments	-	-	-	-
Ending Net Assets	2,894,226	1,005,047	27,406	3,926,679

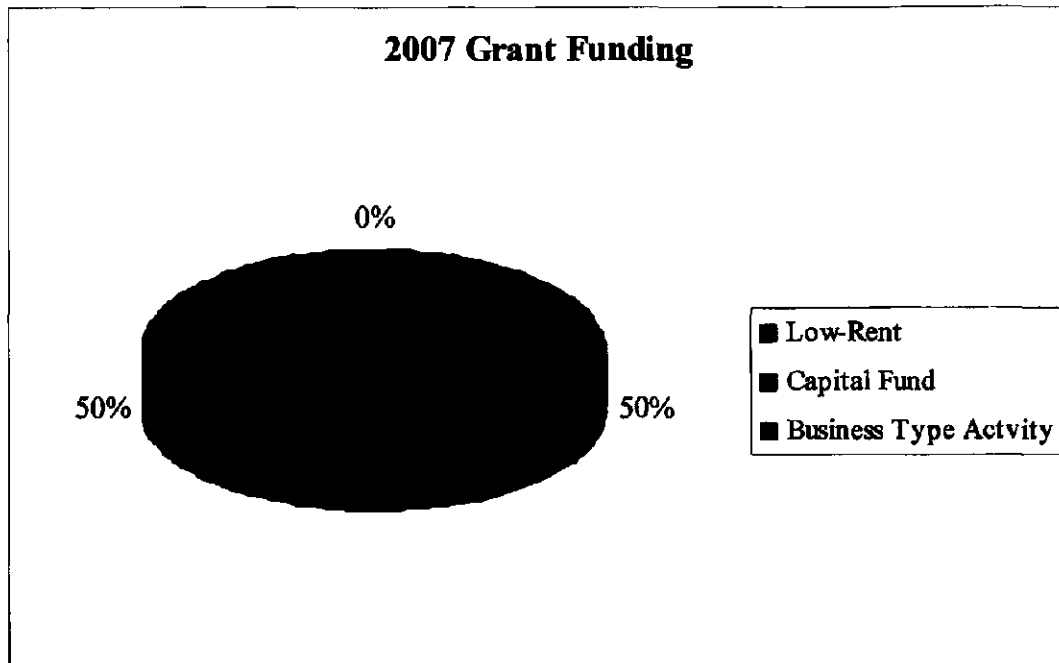
REVENUES

In reviewing the Statement of Revenues, Expenses, and Net Assets, you will find that 51% 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 44% of total revenue. Other Revenue including Interest from Investments comprises the remaining 5%. Compared to the Fiscal Year Ended June 30, 2007, revenues had an overall decrease of \$68,807 (-3.93%).



Tenant Revenue - Tenant Revenue received in the Public Housing Program had an increase from \$675,869 to \$737,155 of around 9.07%. Unit months leased increased by 25 unit months, or 0.72% for the year. Dwelling rental increased from 2006 to 2007 due primarily to an increase in the number of working families and an increase in dwelling unit occupancy.

Program Grants/Subsidies - We had a 10.94% decrease in Grant Revenue compared to the previous year. The primary reason for the change was a decrease in the Capital Fund grants which resulted from a decreased recognition of revenue as the result of decreased spending of available HUD funding.



EXPENSES

The Housing Authority of the Town of Ruston experienced a decrease in expenses for the current year from \$1,602,107 to \$1,574,525 or (\$27,582) (-1.72%). 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 2006, administrative costs decreased by \$7,097 (-1.99%).

Tenant Services – Tenant Services costs include all costs incurred by the Authority to provide social services to the residents. Tenant Services costs decreased from \$101,229 to \$93,360 (-7.77%) or (\$7,869). This decrease is due to changing services provided through Capital Grant funding.

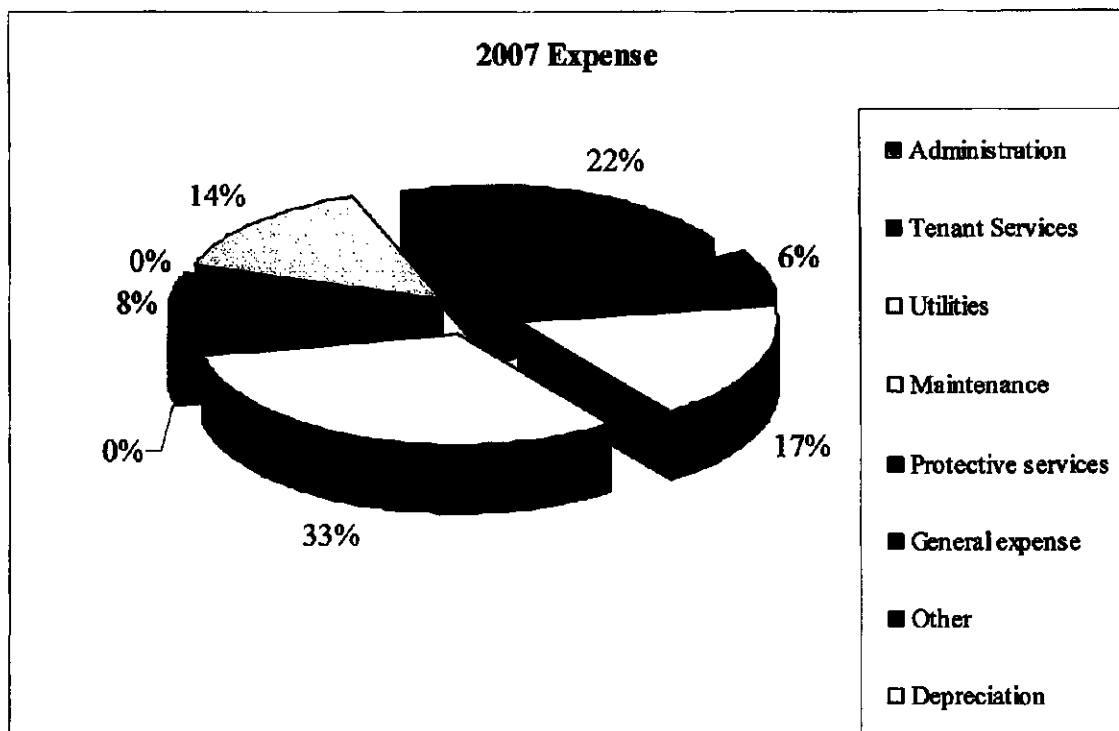
Utilities - The total utilities expense for the Authority increased by \$18,775 (7.41%). The increase is due mainly to increasing utility costs.

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 decreased from \$526,975 to \$505,559 (-4.06%) or (\$21,416), due primarily to an unfilled salary position and conservative 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 decreased from \$12,992 to \$-0- (100%). This decrease is due to discontinued use of services funded through Capital Grants and a change in the type of security provided for 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 \$118,537 to \$126,226 (6.49%) or an increase of \$7,689. This increase is due in part to increased insurance costs.

Depreciation – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items is recorded as depreciation. Depreciation expense for the current year decreased by \$4,672 (-2.02%) 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 2006 the Authority had invested in Capital Assets of \$3,211,383, net of depreciation. As of June 30, 2007, the Authority had increased its net capital assets by \$102,548 to \$3,313,931 (3.19%). The following illustrates the Capital Asset values for 2006 and 2007.

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

	2007	2006	Total Change	% Change
Land	38,779	38,779	-	0.00%
Buildings & improvements	9,709,100	9,709,520	(420)	0.00%
Equipment	326,536	343,495	(16,959)	-4.94%
Construction in Progress	1,005,047	675,590	329,457	48.77%
	<u>11,079,462</u>	<u>10,767,384</u>	<u>312,078</u>	<u>2.90%</u>
Accumulated Depreciation	(7,765,531)	(7,556,001)	(209,530)	2.77%
Total Capital Assets	<u>3,313,931</u>	<u>3,211,383</u>	<u>102,548</u>	<u>3.19%</u>

The net change in Invested in Capital Assets, net of related debt, was due to \$329,457 capital hard costs additions from the capital Fund and depreciation expense of \$226,909.

DEBT OBLIGATIONS

There were no debt obligations outstanding at the end of June 30, 2006 and June 30, 2007.

CONCLUSIONS:

Overall, the Housing Authority of the Town of Ruston had a very good year financially. The Authority's 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**

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

YEAR ENDED JUNE 30, 2007

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS

Current Assets

Cash & Investments	\$ 574,156
Accounts Receivable	50,511
Prepaid Insurance	62,410
Materials Inventory	<u>44,926</u>

Total Current Assets 732,003

Capital Assets

Land	38,779
Buildings & improvements	9,709,100
Furniture & Equipment	326,536
Construction in progress	1,005,047
Less: Accumulated depreciation	<u>(7,765,531)</u>

Total Capital Assets 3,313,931

TOTAL ASSETS \$ 4,045,934

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

LIABILITIES & NET ASSETS

Current Liabilities

Accounts payable	\$ 24,498
Accrued Liabilities	15,127
Tenant security deposits	36,155
Unearned revenue	<u>4,602</u>

Total Current Liabilities 80,382

Noncurrent Liabilities

Accrued expenses - noncurrent	<u>38,873</u>
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Total Liabilities 119,255

Net Assets

Invested in capital assets, net of related debt	3,313,931
Unrestricted net assets	<u>612,748</u>

Total Net Assets 3,926,679

TOTAL LIABILITIES & NET ASSETS \$ 4,045,934

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, 2007

Operating Revenue

Dwelling rent	\$	737,155
Governmental grants & subsidy		526,507
Other income		<u>71,547</u>
Total Operating Revenues		<u>1,335,209</u>

Operating Expenses

Administration		350,267
Tenant Services		93,360
Utilities		272,204
Maintenance & operations		505,559
Protective Services		-
General expenses		126,226
Depreciation		<u>226,909</u>
Total Operating Expenses		<u>1,574,525</u>

Net Operating Income/(Loss) (239,316)

Nonoperating Revenue/(Expenses)

Investment income		16,467
Gain/(loss) on sale of fixed assets		<u>-</u>
Total Nonoperating Revenue/(Expenses)		<u>16,467</u>

Net Income/ (Loss) before contributions (222,849)

Capital grants 329,457

Net Increase/(Decrease) in Net Assets 106,608

Net Assets - beginning balance 3,820,071

Net Assets - ending balance \$ 3,926,679

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, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$	793,623
Governmental grants & subsidy - operations		521,901
Payments to suppliers		(698,396)
Payments to employees		<u>(625,233)</u>

NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES 8,105

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		<u>16,467</u>
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NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES 16,467

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

Additions to capital assets - CFP program		(329,457)
Governmental grant funds received - CFP program		<u>329,457</u>

NET CASH USED FROM CAPITAL & RELATED FINANCING ACTIVITIES -

NET INCREASE/(DECREASE) IN CASH 24,572

CASH AT BEGINNING OF PERIOD 549,584

CASH AT END OF PERIOD \$ 574,156

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, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Net Operating Income/(Loss)	\$ (239,316)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	226,909
Decrease (Increase) in accounts receivable	18,741
Decrease (Increase) in prepaid expenses	(7,093)
Decrease (Increase) in inventory	(2,076)
Increase (Decrease) in accounts payable	11,699
Increase (Decrease) in accrued liabilities	8,153
Increase (Decrease) in unearned revenue	(8,833)
Increase (Decrease) in security/trust deposits	<u>(79)</u>
 NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	 \$ <u>8,105</u>

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

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007

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

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

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

1. Low Income Public Housing – The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income families and the elderly.
2. Capital Fund Program – The objective of this program is to improve the physical condition of the Low Income Public Housing units and upgrade the management of the program.

Encumbrances -The Authority does not use encumbrance accounting.

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

Other particulars related to balance sheet items include:

1. Cash and Investments:

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

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(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, 2007
(Continued)

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

8. Operating Revenue: (Cont'd)

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

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, 2007, the Authority's cash deposits had a carrying amount of \$574,034 and bank balances of \$621,208. 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, 2007, the Authority's petty cash/change funds totaled \$122.

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	\$ 37,289
Certificate of deposit	536,745
Petty cash	<u>122</u>
Totals	<u>\$ 574,156</u>

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

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)

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

Collateralization:

As of June 30, 2007 the following securities were pledged as collateral to secure the deposits of the Housing Authority of the Town of Ruston:

<u>Security</u>	<u>Cusip</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Market Value</u>
JP Morgan Chase				
FHLMC Discount Notes	313396UZ4	03/31/2008	0.00%	\$ 221,145.00
IBERIA BANK				
FNMA	31402DEH9	07/01/2019	5.00%	58,122.15
FNMA	31406WS70	04/01/2020	5.00%	<u>80,648.51</u>
Totals				<u>\$ 359,915.66</u>

NOTE C - ACCOUNTS RECEIVABLE:

Accounts Receivable and Accrued Liabilities at June 30, 2007, consisted of the following:

Tenants Accounts Receivable (Net of Allowance for Doubtful Accounts - \$175)	\$ 6,734
Accounts Receivable – HUD	27,144
Accounts Receivable – Farmerville Housing Authority	9,312
Accrued Interest Receivable	<u>7,321</u>
	<u>\$ 50,511</u>

The consolidated statement of Net Assets presented in the financial statements does not include the interfund receivables and payables of \$36,553 which have been eliminated in the consolidation.

NOTE D - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and Accrued Liabilities at June 30, 2007, consisted of the following:

Vendors & contractors	\$ 24,498
Accrued compensated absences-current	12,957
Tenant security deposits	36,155
Payroll taxes	2,170
Unearned revenue	<u>4,602</u>
	<u>\$ 80,382</u>

The consolidated statement of Net Assets presented in the financial statements does not include the interfund receivables and payables of \$36,553 which have been eliminated in the consolidation.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)

NOTE E - OTHER NONCURRENT LIABILITIES:

Other noncurrent liabilities at June 30, 2007, consisted of the following:

Accrued compensated absences – long term	\$ <u>38,873</u>
Total noncurrent liabilities	\$ <u>38,873</u>

The total liability for compensated absences at the end of the year was \$51,830.

NOTE F - CAPITAL ASSETS:

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2007:

	Prior Year Balance <u>6/30/2006</u>	Additions	Adjustments/ Retirements	Depreciation	Current Balance <u>6/30/2007</u>
Fixed Assets:					
Land	\$ 38,779	\$ 0	\$ 0	\$ 0	\$ 38,779
Buildings & Improvements	9,709,520	0	(420)	0	9,709,100
Equip & Furniture	343,495	0	(16,959)	0	326,536
Const. In Progress	675,590	329,457	0	0	1,005,047
Accumulated Depreciation	<u>(7,556,001)</u>	<u>0</u>	<u>0</u>	<u>(209,530)</u>	<u>(7,765,531)</u>
Total fixed assets	<u>\$3,211,383</u>	<u>\$ 329,457</u>	<u>\$ (17,379)</u>	<u>\$ (209,530)</u>	<u>\$3,313,931</u>

NOTE G - CONTINGENCIES:

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

NOTE H - PENSION PLAN:

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan. The plan administrator is William M. Mercer, Inc. The purpose of the Plan is to provide retirement benefits for eligible employees when they reach their normal retirement date. This plan is considered to be a defined contribution plan and as such the contribution percentages are fixed and based upon the employee's earnings. Employees are eligible to participate from the date of employment. The Housing Authority total covered payroll for the year ended June 30, 2007 was \$398,004.53.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007
(Continued)

NOTE H - PENSION PLAN: (Cont'd)

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, 2007 was \$33,830.42 and the total pension contribution for the year was \$58,851.26.

NOTE I - RISK MANAGEMENT:

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

The Authority participates in public entity risk pool (Louisiana Municipal League Risk Management Pool) for General Liability, and Directors and Officers Liability. Settled claims resulting from these risks have not exceeded risk pool coverage in any of the past three fiscal years. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of coverage documents.

NOTE J - RELATED PARTY TRANSACTIONS:

The Board of Commissioners of the Housing Authority also serve as Directors on the Ruston Community Corporation, Inc. Board. This organization is a non profit corporation designed to build and develop affordable housing in the Ruston area. There remains an unearned revenue amount of \$1,592.61 on the general ledger at June 30, 2007 for funds to be used for start up expenses on behalf of this corporation. Grant funds were received in the amount of \$10,000 and funds expended to date of \$8,407.39 on behalf of this corporation.

NOTE K - ECONOMIC DEPENDENCY:

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

NOTE L - SUPPLEMENTARY INFORMATION:

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

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

SINGLE AUDIT SECTION

YEAR ENDED JUNE 30, 2007

**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, 2007, and have issued our report thereon dated December 6, 2007. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended 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.
Certified Public Accountants

Snellville, Georgia
December 6, 2007



**RECTOR
MOFFITT &
LINDSAY, P.C.**

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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, 2007. 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, 2007.

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 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A control deficiency in a Housing Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Housing Authority's internal control.

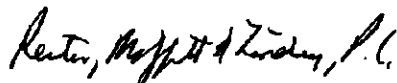


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Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management of the Housing Authority of the Town of Ruston, the State of Louisiana, HUD and other 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. 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 6, 2007

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2006, 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 no
- Significant Deficiency (ies) identified that are not considered to be material weaknesses? yes no

Noncompliance material to financial Statements noted? yes no

Federal Awards

Internal Control over major programs:

- Material weakness (es) identified? yes no
- Significant Deficiency (ies) identified that are not considered to be materials weaknesses? yes 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 no

Identification of major programs:

- Low-Rent Public Housing Program CFDA #14.850
- Capital Fund Program CFDA #14.872

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

Auditee qualifies as a low-risk auditee? Yes

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

Management Comments

Additional Comments and Observations

1. **Component Unit – Ruston Community Corporation** – There was an organization formed in prior years that is for the purpose of developing affordable housing using low-income tax credits. This organization has registered during the current audit period as a non-profit organization exempt from federal and state taxes. There transactions have been immaterial during the prior year and the current year; however, the transactions at a minimum should have been reported as a related party transactions. The Board of Commissioners of the Housing Authority are identical to the Board of Directors of the Ruston Community Corporation. Consequently, the PHA should consider including all activity of this nonprofit into the consolidated financial statements. In addition to this we noted that this corporation used some of the Housing Authority staff for general administration and oversight. Consequently, there should have been some allocation of costs to this entity.
2. **Public Housing Tenant Files** – We reviewed 15 public housing tenant files for compliance with the federal regulations. Of the files we reviewed we noted 5 errors, which are not considered in aggregate to be material noncompliance. There were two files which did not have birth certificates but both of the files have valid social security cards. One file was missing the lead based paint notification, one file did not match the rent roll due to an adjustment to the utility allowance not documented, and one file had no record of the community service requirement.
3. **Procurement** – We have reviewed the payments made to the Capital Fund Program and have noted two vendors which should be more adequately documented. The Housing Authority has been receiving services from the Boys and Girls Club for an amount of \$36,000 per year. There was no current contract for services in the file, and even though this is considered a small purchase there should be documentation as to why this vendor is a sole source. There are annual payments made to M.O.V.E. Inc which do not have adequate invoices attached to the check voucher copy. We noted that the Board approves the transaction and the services and requires a reporting of the services rendered, but we believe that the check voucher copy should be supported by an invoice.

Management's Corrective Action Plan

Contact Person: Woodrow Whittington, Jr.

Completion Date: June 30, 2008

1. **Component Unit- RCC**
The Board of Commissioners of the Ruston Housing Authority will continue to function as the Board of Directors for the Ruston Community Corporation. Consequently the RHA will include all activities of the nonprofit into the consolidated financial statements. The housing authority will look at allocation of costs for staff members for the general administration and oversight of the nonprofit. At the time of the audit only the Executive Director has been involved in the functions of the nonprofit on a minimal basis, as RCC is working with a consultant developer that has been handling the activities of the nonprofit.
2. **Public housing tenant files:**
The housing authority will increase quality control efforts to insure the all appropriate documentation is included in tenant files. The housing authority will improve upon the use of its checklist and review process.
3. **Procurement:**
The vendors in question are the Boys and Girls Club, and M.O.V.E. Inc. Both of which provide services to housing authority youth, in the form of activities, tutoring, sports, mentoring, etc., although in different capacities. The housing authority will include proper documentation in the files of these vendors, by providing current contracts for services and invoices.

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

SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2007

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
NET ASSET ACCOUNTS
JUNE 30, 2007

<u>Account Description</u>	<u>Low-Rent</u> 14.850	<u>Capital Fund</u> 14.872	<u>Business</u> Activities	<u>TOTAL</u>
ASSETS:				
CURRENT ASSETS:				
Cash:				
Cash - unrestricted	\$ 538,001	\$ 0	\$ 0	\$ 538,001
Cash - security deposits	36,055	0	100	36,155
Total Cash	574,056	0	100	574,156
Accounts and notes receivables:				
Accounts receivable - HUD other projects	0	27,144	0	27,144
Accounts receivable - Other government	9,312	0	0	9,312
Accounts receivable - tenants - miscellaneous	0	0	0	0
Accounts receivable - tenants - dwelling rents	6,909	0	0	6,909
Allowance for doubtful accounts	(175)	0	0	(175)
Accounts interest receivable	7,321	0	0	7,321
Total receivables, net of allowances for uncollectibles	23,367	27,144	0	50,511
Current investments				
Investments - unrestricted	0	0	0	0
Prepaid expenses and other assets	62,410	0	0	62,410
Inventory - materials	44,926	0	0	44,926
Allowance for Obsolete Inventories	0	0	0	0
Interprogram due from	36,553	0	0	36,553
TOTAL CURRENT ASSETS	741,312	27,144	100	768,556
NONCURRENT ASSETS:				
Capital Assets:				
Land	35,779	0	3,000	38,779
Buildings	3,601,846	0	37,000	3,638,846
Furniture, equipment & mach. - dwellings	70,827	0	0	70,827
Furniture, equipment & mach. - admin.	255,709	0	0	255,709
Leasehold improvements	6,070,254	0	0	6,070,254
Accumulated depreciation	(7,762,346)	0	(3,185)	(7,765,531)
Construction in progress	0	1,005,047	0	1,005,047
Total capital assets, net of accumulated depreciation	2,272,069	1,005,047	36,815	3,313,931
TOTAL ASSETS	\$ 3,013,381	\$ 1,032,191	\$ 36,915	\$ 4,082,487

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
NET ASSET ACCOUNTS
JUNE 30, 2007

<u>Account Description</u>	<u>Low-Rent</u>	<u>Capital Fund</u>	<u>Business</u>	<u>TOTAL</u>
	14.850	14.872	Activities	
LIABILITIES AND NET ASSETS:				
LIABILITIES:				
CURRENT LIABILITIES				
Accounts payable <= 90 days	\$ 24,498	\$ 0	\$ 0	\$ 24,498
Accrued wage/payroll taxes payable	2,170	0	0	2,170
Accrued compensated absences - current portion	12,957	0	0	12,957
Tenant security deposits	36,055	0	100	36,155
Unearned revenue	4,602	0	0	4,602
Interprogram (due to)	0	27,144	9,409	36,553
TOTAL CURRENT LIABILITIES	<u>80,282</u>	<u>27,144</u>	<u>9,509</u>	<u>116,935</u>
NONCURRENT LIABILITIES:				
Accrued Compensated Absences - Non-Current	38,873	0	0	38,873
TOTAL NONCURRENT LIABILITIES	<u>38,873</u>	<u>0</u>	<u>0</u>	<u>38,873</u>
TOTAL LIABILITIES	<u>119,155</u>	<u>27,144</u>	<u>9,509</u>	<u>155,808</u>
NET ASSETS:				
Capital assets net of related debt	2,272,069	1,005,047	36,815	3,313,931
Net Assets - unrestricted	622,157	0	(9,409)	612,748
TOTAL NET ASSETS	<u>2,894,226</u>	<u>1,005,047</u>	<u>27,406</u>	<u>3,926,679</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,013,381</u>	<u>\$ 1,032,191</u>	<u>\$ 36,915</u>	<u>\$ 4,082,487</u>

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

<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>
REVENUES:				
Net tenant rental revenue	\$ 573,833	\$ 0	\$ 3,600	\$ 577,433
Tenant revenue - other	159,548	0	174	159,722
Total tenant revenue	733,381	0	3,774	737,155
HUD PHA grants	431,164	95,343	0	526,507
HUD Capital grants	0	329,457	0	329,457
Investment income - unrestricted	16,467	0	0	16,467
Other revenue	71,547	0	0	71,547
TOTAL REVENUES	\$ 1,252,559	\$ 424,800	\$ 3,774	\$ 1,681,133
EXPENSES:				
Administrative				
Administrative salaries	\$ 141,743	\$ 32,419	\$ 0	\$ 174,162
Auditing fees	6,450	1,000	0	7,450
Compensated absences	6,313	0	0	6,313
Employee benefit contributions - administrative	63,960	13,185	0	77,145
Other operating - administrative	84,458	739	0	85,197
Total Administrative Expense	302,924	47,343	0	350,267
Tenant Services				
Tenant Salaries	19,721	0	0	19,721
Tenant services-other	16,740	48,000	0	64,740
Employee benefit contributions - Tenant services	8,899	0	0	8,899
Total Tenant services expense	45,360	48,000	0	93,360
Utilities				
Water	26,560	0	0	26,560
Electricity	154,357	0	0	154,357
Gas	7,303	0	0	7,303
Other utilities expense	83,984	0	0	83,984
Total Utilities Expense	272,204	0	0	272,204
Ordinary Maintenance & Operation				
Ordinary maint. and oper. - labor	222,634	0	0	222,634
Ordinary maint. and oper. - materials & others	52,447	0	0	52,447
Ordinary maint. and oper. - contract costs	129,426	0	0	129,426
Ordinary maint. and oper. - benefits	100,461	0	0	100,461
Total Ordinary Maintenance & Operation	504,968	0	0	504,968

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007

<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	0	0	0
Total Protective Services	0	0	0	0
General Expenses				
Insurance premiums	96,712	0	0	96,712
Other general expenses	0	0	0	0
Payments in lieu of taxes	0	0	0	0
Bad debt - tenant rents	29,514	0	0	29,514
Total General Expenses	126,226	0	0	126,226
TOTAL OPERATING EXPENSE	1,251,682	95,343	0	1,347,025
EXCESS OPERATING REVENUE OVER OPERATING EXP.	877	329,457	3,774	334,108
Other Expenses				
Casualty losses-Non-capitalized	591	0	0	591
Depreciation expense	225,676	0	1,233	226,909
Total Other Expenses	226,267	0	1,233	227,500
TOTAL EXPENSES	\$ 1,477,949	\$ 95,343	\$ 1,233	\$ 1,574,525
EXCESS OF REVENUE OVER EXPENSES	\$ (225,390)	\$ 329,457	\$ 2,541	\$ 106,608
Equity transfers	0	0	0	0
Prior period adjustments	0	0	0	0
Beginning Net Assets	3,119,616	675,590	24,865	3,820,071
Ending Net Assets	\$ 2,894,226	\$ 1,005,047	\$ 27,406	\$ 3,926,679
Units months available	3,600	0	12	3,612
Units months leased	3,487	0	12	3,499

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<u>FEDERAL GRANTOR</u>			
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u>			
Public Housing:			
Low Rent Public Housing Program	A - Major	14.850	\$ 431,164
Capital Fund Program	A - Major	14.872	<u>424,800</u>
TOTAL FEDERAL FINANCIAL AWARDS			\$ <u>855,964</u>

The accompanying notes to the schedule of expenditures of federal financial awards are 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, 2007

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, 2007.

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, 2007.
- 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, 2007.
- The Housing Authority of the Town of Ruston maintains the following limits of insurance as of June 30, 2007:

Property	\$ 12,838,451
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**

YEAR ENDED JUNE 30, 2007

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED JUNE 30, 2007

Annual Contributions Contract FW-1074

PHASE LA48P054501-04

1 The Actual Modernization Costs of Phase 501-04 were:

Funds Approved	\$ 469,789
Funds Expended	<u>469,789</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 469,789
Funds Expended	<u>469,789</u>
Excess of Funds Advanced	<u>\$ -</u>

- 2 Audit period additions were \$3,604.44 and accordingly were audited by Rector, Moffitt & Lindsay, P.C.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated May 10, 2007, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 4 All modernization costs have been paid and all related liabilities have been discharged through payment.