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

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

YEAR ENDED JUNE 30, 2004

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 _____

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REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Housing Authority, we offer readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The assets of the Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,595 (*net assets*). Of this amount, \$3,595 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS This discussion and analysis is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Housing Authority are reported as proprietary fund types.

Housing Authority of the Town of Ruston

Management's Discussion and Analysis (MD&A)
June 30, 2004

Financial Section

Required Supplemental Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

**Fund
Financial Statements**

**Notes to the Basic Financial
Statements**

Supplemental Information

**Nonmajor Funds Combining Statements
Schedule of Compensation Paid Board Members
Financial Data Schedule**

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

The Introductory Section and the Statistical Section were prepared by the Housing Authority without association by the independent auditors. Accordingly, the Housing Authority assumes full responsibility for the accuracy of these two sections.

Reporting the Housing Authority's Most Significant Funds The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Housing Authority's enterprise funds use the following accounting approach:

Housing Authority of the Town of Ruston

Management's Discussion and Analysis (MD&A)

June 30, 2004

Proprietary funds B All of the Housing Authority's services are reported in enterprise funds. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

11(a) A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide. This discussion should include analyses that assist readers in understanding why measurements and results reported in fund financial statements either reinforce information in government-wide statements or provide additional information.

FINANCIAL ANALYSIS The Housing Authority's net assets were \$3,595 at June 30, 2004. Of this amount, \$3,595 was unrestricted. Restricted net assets, if any, would have been reported separately to show legal constraints from enabling legislation that limits the Housing Authority's ability to use those net assets for day-to-day operations.

As we noted earlier, the Housing Authority uses funds to help it control and manage money for particular purposes. The general fund is used to account for the public housing programs. Drug Elimination grant, Comprehensive grant and Capital Fund grant programs are accounted for in separate funds. Our analysis below focuses on the net assets and the change in net assets of the primary government as a whole.

Housing Authority of the Town of Ruston

Management's Discussion and Analysis (MD&A)

June 30, 2004

11(b) Condensed financial information derived from government-wide financial statements comparing the current year to the prior year. At a minimum, governments should present the information needed to support their analysis of financial position and results of operations required in "c", below, including these elements:

- (1) *Total assets, distinguishing between capital and other assets*
- (2) *Total liabilities, distinguishing between long-term liabilities and other liabilities*
- (3) *Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts*
- (4) *Program revenues, by major source*
- (5) *General revenues, by major source*
- (6) *Total revenues*
- (7) *Program expenses, at a minimum by function*
- (8) *Total expenses*
- (9) *Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers*
- (10) *Contributions*
- (11) *Special and extraordinary items*
- (12) *Transfers*
- (13) *Change in net assets*
- (14) *Ending net assets*

**Table 1
Net Assets
(in thousands)**

| | June 30, | |
|--|-----------------|-----------------|
| | <u>2003</u> | <u>2004</u> |
| Current assets | \$ 781 | \$ 811 |
| Restricted assets | 0 | 0 |
| Capital assets, net | <u>2,790</u> | <u>2,914</u> |
| Total assets | <u>3,571</u> | <u>3,725</u> |
| | | |
| Current liabilities | 93 | 102 |
| Current liabilities payable from current restricted assets | 0 | 0 |
| Long-term liabilities | <u>29</u> | <u>28</u> |
| Total liabilities | <u>122</u> | <u>130</u> |
| | | |
| Net assets | | |
| Invested in capital assets, net of related debt | 2,790 | 2,914 |
| Restricted | 0 | 0 |
| Unrestricted | <u>659</u> | <u>681</u> |
| Total net assets | <u>\$ 3,449</u> | <u>\$ 3,595</u> |

Housing Authority of the Town of Ruston

Management's Discussion and Analysis (MD&A)
June 30, 2004

Table 2
Changes in Net Assets
(in thousands)

| | June 30, | |
|--------------------------------------|----------|--------|
| | 2003 | 2004 |
| Revenues/capital contributions: | | |
| Operating revenues | | |
| Rent and other | \$ 683 | \$ 779 |
| Nonoperating revenues | | |
| Interest earnings | 6 | 6 |
| Federal grants | 1,191 | 752 |
| Capital contributions | 0 | 0 |
| Total revenues/capital contributions | 1,880 | 1,537 |
| Expenses: | | |
| Operating expenses | | |
| Administration | 298 | 314 |
| Tenant services | 68 | 32 |
| Utilities | 241 | 243 |
| Ordinary maintenance and operations | 399 | 418 |
| Protective services | 37 | 2 |
| General expenses | 111 | 162 |
| Depreciation | 208 | 222 |
| Interest and bank charges | 0 | 0 |
| Total expenses | 1,362 | 1,393 |
| Increase (decrease) in net assets | \$ 518 | \$ 144 |

Housing Authority of the Town of Ruston

Management's Discussion and Analysis (MD&A)

June 30, 2004

11(c) An analysis of the government's overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated as a result of the year's operations. The analysis should address both governmental and business-type activities as reported in the government-wide financial statements and should include reasons for significant changes from the prior year, not simply the amounts or percentages of change. In addition, important economic factors, such as changes in the tax or employment bases, that significantly affected operating results for the year should be discussed

Total revenues decreased by \$343 due to a decrease in federal grants of \$439 and an increase in tenant revenue and other income of \$96.

Total expenses decreased \$31 due primarily to an increase in administration expense of \$16, a increase in ordinary operations and maintenance expenses of \$19, an increase in general expenses of \$51 and an increase in depreciation expenses of \$34. Administration expense increased due primarily to decreased contracts for administrative services and increased administrative contracts costs. Ordinary operations and maintenance expenses increased due primarily to a change in presentation of costs re-imbursed by the Farmerville Housing Authority and decreased payroll overtime and decreased material costs. General expenses increased due primarily to increased insurance premium costs.

11(d) An analysis of balances and transactions of individual funds. The analysis should address the reasons for significant changes in fund balances or fund net assets and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use.

11(e) An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund (or its equivalent). The analysis should include any currently know reasons for those variations that are expected to have a significant effect on future services or liquidity.

Housing Authority of the Town of Ruston

Management's Discussion and Analysis (MD&A)
June 30, 2004

11(f) A description of significant capital asset and long-term debt activity during the year, including a discussion of commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004 the Housing Authority had \$10,204 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$316, or 3.2% from last year.

**Capital Assets at Year-end
(in thousands)**

| | <u>2003</u> | <u>2004</u> |
|--------------------------|-----------------|-----------------|
| Land | \$ 36 | \$ 39 |
| Buildings | 7,676 | 9,042 |
| Furniture and equipment | 392 | 470 |
| Construction in progress | <u>1,784</u> | <u>653</u> |
| Totals | <u>\$ 9,888</u> | <u>\$10,204</u> |

No debt was issued for these additions.

Debt

At June 30, 2004 the Housing Authority had a long-term liability which includes accrued annual and sick leave of \$28. We present more detail about our long-term liabilities in the notes to the financial statements.

Housing Authority of the Town of Ruston

Management's Discussion and Analysis (MD&A)
June 30, 2004

11(h) A description of currently known facts, decisions or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes in net assets.)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The budgets for 2004-2005 have already been approved by HUD and no major changes are expected.

The comprehensive grant, capital fund and drug elimination programs are multiple year budgets and have remained relatively stable. Comprehensive grants are used for the modernization of public housing properties including administrative fees involved in the modernization. Drug elimination funds are used to pay for drug elimination initiatives.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact E. Woodrow Whittington, Jr., Executive Director, at the Housing Authority of the Town of Ruston, P.O. Box 2288, Ruston, Louisiana 71273, telephone number (318) 255-3644.

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

YEAR ENDED JUNE 30, 2004

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, 2004, 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, 2004, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the financial statements, the Housing Authority of the Town of Ruston adopted Governmental Accounting Standards Board Statement Number 34 during the year ended June 30, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2004 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management'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 Housing Authority of the Town of Ruston, taken as a whole. 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, P.C.
Certified Public Accountants

Stone Mountain, Georgia
December 9, 2004



CERTIFIED PUBLIC
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HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

STATEMENT OF NET ASSETS
June 30, 2004

| ASSETS | |
|--------------------------------|-----------------------------------|
| <u>Current Assets</u> | |
| Cash & Investments | \$ 650,904 |
| Accounts Receivable | 40,881 |
| Prepaid Insurance | 46,997 |
| Materials Inventory | <u>35,151</u> |
| | |
| Total Current Assets | <u>773,933</u> |
| | |
| <u>Fixed Assets</u> | |
| Land | 39,279 |
| Buildings & improvements | 9,042,321 |
| Furniture & Equipment | 469,664 |
| Construction in progress | (7,290,573) |
| Less: Accumulated depreciation | <u>653,592</u> |
| | |
| Total Fixed Assets | <u>2,914,283</u> |
| | |
| TOTAL ASSETS | \$ <u><u>3,688,216</u></u> |

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

LIABILITIES & NET ASSETS

Current Liabilities

| | |
|-------------------------------|-------------------|
| Accounts payable | \$ 20,052 |
| Accrued Expenses | 718 |
| Tenant security deposits | 33,353 |
| Accrued Liabilities | 9,280 |
| Deferred revenue | <u>1,602</u> |
| Total Current Liabilities | <u>65,005</u> |

Noncurrent Liabilities

| | |
|----------------------------------|-------------------|
| Accrued expenses - noncurrent | <u>27,841</u> |
| Total Noncurrent Liabilities | <u>27,841</u> |
| TOTAL LIABILITIES | <u>92,846</u> |

NET ASSETS

| | |
|---|-------------------------|
| Invested in capital assets, net of related debt | 2,914,283 |
| Unrestricted net assets | <u>681,087</u> |
| TOTAL EQUITY | <u>3,595,370</u> |
| TOTAL LIABILITIES & EQUITY | <u>\$ 3,688,216</u> |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004

Operating Revenue

| | |
|-------------------------------|----------------------|
| Dwelling rent | \$ 634,534 |
| Governmental grants & subsidy | 448,544 |
| Other income | <u>144,004</u> |
| Total Operating Revenues | <u>1,227,082</u> |

Operating Expenses

| | |
|-----------------------------------|----------------------|
| Administration | 314,424 |
| Tenant Services | 31,609 |
| Utilities | 243,520 |
| Ordinary maintenance & operations | 418,694 |
| Protective Services | 1,582 |
| General expense | 161,654 |
| Depreciation | <u>221,739</u> |
| Total Operating Expenses | <u>1,393,222</u> |
| Operating Loss | (166,140) |

Nonoperating Revenue/(Expenses)

| | |
|--|-------------------------|
| Investment income | 6,242 |
| Gain/(loss) on sale of fixed assets | <u>(27)</u> |
| Total Nonoperating Revenue/(Expenses) | <u>6,215</u> |
| Net Income (loss) before contributions | (159,925) |
| Capital grants | 303,712 |
| Prior period adjustments | 2,079 |
| Equity - beginning balance | <u>3,449,504</u> |
| Equity - ending balance | <u>\$ 3,595,370</u> |

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, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------|
| Receipts from customers and users | \$ 776,202 |
| Governmental grants & subsidy - operations | 447,584 |
| Payments to suppliers | (675,645) |
| Payments to employees | (490,122) |

NET CASH PROVIDED FROM OPERATING ACTIVITIES 58,019

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-------------------|--------------|
| Interest received | <u>6,242</u> |
|-------------------|--------------|

NET CASH PROVIDED FROM INVESTING ACTIVITIES 6,242

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

| | |
|--|-----------|
| Purchases of equipment - operations | - |
| Purchases of equipment - Capital Grant | (16,734) |
| Buildings improvements - Business activities | (14,107) |
| Donated fixed assets - Business activities | (25,893) |
| Additions to fixed assets - Capital Grant | 303,712 |
| Governmental grant funds received | (286,978) |

NET CASH USED FROM CAPITAL & RELATED FINANCING ACTIVITIES (40,000)

NET INCREASE IN CASH 24,261

CASH AT BEGINNING OF PERIOD 626,643

CASH AT END OF PERIOD \$ 650,904

SUPPLEMENTAL DISCLOSURE OF CASH
FLOW INFORMATION:

Payment of Interest \$ -

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, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|----|--------------------------|
| Net Operating Income/(Loss) | \$ | (166,140) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation | | 221,739 |
| Decrease (Increase) in accounts receivable | | (1,468) |
| Decrease (Increase) in prepaid expenses | | 7,600 |
| Decrease (Increase) in inventory | | 3,620 |
| Increase (Decrease) in accounts payable | | (6,556) |
| Increase (Decrease) in accrued expenses | | 66 |
| Increase (Decrease) in other accrued liabilities | | 986 |
| Increase (Decrease) in deferred revenue | | (1,260) |
| Increase (Decrease) in security/trust deposits | | <u>(568)</u> |
| NET CASH PROVIDED FROM OPERATING ACTIVITIES | | <u><u>58,019</u></u> |

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

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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

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

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

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

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

Basis of Accounting:

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

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

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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 balance sheet. Proprietary Fund equity is segregated into contributed capital and retained earning. 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, 2004
(Continued)

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

2. Buildings and Equipment:

Buildings and equipment are carried at historical costs. Donated assets are recorded at fair market value at the date of the donation. Depreciation of buildings and equipment is computed using the straight-line method at rates based on useful lives of 3 to 5 years for equipment, 15 years for leasehold improvements and 30 years for buildings.

3. Subsidies:

Operating grants and subsidy are recorded as operating revenue on the Statement of Income and Expense, while grants for capital improvements have been added to Retained Earnings and not shown as operating income.

4. Income Taxes:

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

5. Use of Estimates:

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

6. Compensation for Future Absences:

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

7. Accounts Receivable:

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

NOTE B - CASH AND INVESTMENTS:

1. Cash

It is the entity's policy for deposits to be 105% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 2004. The categories are described as follows:

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

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

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

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

| Total Book Balances | Category | | |
|------------------------|------------|------|------|
| | 1 | 2 | 3 |
| \$ 145,030 | \$ 145,030 | \$ 0 | \$ 0 |

2. Investments

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

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

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at June 30, 2004. The categories are:

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

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)

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

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

Investments, categorized by level of risk, are:

| Types of Investments | Category | | | Carrying Value | Cost |
|--|-------------------|-------------|-------------|-------------------|-------------------|
| | 1 | 2 | 3 | | |
| Deposits at federally insured depositories | <u>\$ 505,874</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 505,874</u> | <u>\$ 505,874</u> |

NOTE C - ACCOUNTS RECEIVABLE:

Accounts Receivable and Accrued Liabilities at June 30, 2004, consisted of the following:

| | |
|--|------------------|
| Tenants Accounts Receivable (Net of Allowance for Doubtful Accounts) | \$ 7,816 |
| Accounts Receivable – HUD | 22,538 |
| Accounts Receivable – Farmerville Housing Authority | 7,650 |
| Accrued Interest Receivable | <u>2,877</u> |
| | <u>\$ 40,881</u> |

The combined Balance Sheet does not show Interfund accounts receivable and payable of \$36,645.

NOTE D - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Accounts payable and Accrued Liabilities at June 30, 2004, consisted of the following:

| | |
|--------------------------------------|------------------|
| Vendors & contractors | \$ 20,052 |
| Accrued compensated absences-current | 9,280 |
| Tenant security deposits | 33,353 |
| Payroll taxes | 718 |
| Prepaid rents | <u>1,602</u> |
| | <u>\$ 65,005</u> |

NOTE E - OTHER NONCURRENT LIABILITIES:

Other noncurrent liabilities at June 30, 2004, consisted of the following:

| | |
|--|------------------|
| Accrued compensated absences – long term | <u>\$ 27,841</u> |
| Total noncurrent liabilities | <u>\$ 27,841</u> |

The total liability for compensated absences at the end of the year was \$37,121.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)

NOTE F - FIXED ASSETS:

The following is a summary of changes in the net fixed assets during the fiscal year ended June 30, 2004:

| | Prior Year Balance <u>6/30/2003</u> | <u>Additions</u> | Adjustments/ <u>Retirements</u> | <u>Depreciation</u> | Current Balance <u>6/30/2004</u> |
|-----------------------------|---|-------------------|------------------------------------|---------------------|--|
| Fixed Assets: | | | | | |
| Land | \$ 36,279 | \$ 3,000 | \$ 0 | \$ 0 | \$ 39,279 |
| Buildings & Improvements | 7,675,601 | 323,978 | (87,966) | 0 | 9,695,913 |
| Equip & Furniture | 392,507 | 16,734 | 60,423 | 0 | 469,664 |
| Accumulated Depreciation | (7,098,429) | <u>0</u> | <u>29,595</u> | <u>(221,739)</u> | <u>(7,290,573)</u> |
| Total fixed assets | <u>\$2,790,258</u> | <u>\$ 343,712</u> | <u>\$ 2,052</u> | <u>\$ (221,739)</u> | <u>\$2,914,283</u> |

NOTE G - PRIOR PERIOD ADJUSTMENTS:

The following prior period adjustments were made to restate operating balances:

| | |
|--|-----------------|
| Correction of prior year depreciation – Public Housing | <u>\$ 2,079</u> |
|--|-----------------|

NOTE H- CONTINGENCIES:

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

NOTE I- PENSION PLAN:

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan. The plan administrator is William M. Mercer, Inc. The purpose of the Plan is to provide retirement benefits for eligible employees when they reach their normal retirement date. This plan is considered to be a defined contribution plan and as such the contribution percentages are 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, 2004 was \$330,766.14.

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, 2004 was \$19,845.97 and the total pension contribution for the year was \$69,277.25.

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)

NOTE J - RISK MANAGEMENT:

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

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

NOTE K - RELATED PARTY TRANSACTIONS:

There were no related party transactions to be reported for the fiscal year ended June 30, 2004.

NOTE L - ECONOMIC DEPENDENCY:

Both the PHA Owned Housing and the Section 8 Program are economically dependent on annual contributions grants from the Federal government. Both programs operate at a loss prior to receiving the contributions and grants. The State programs also rely heavily on grants and subsidies received to supplement their operations.

NOTE M- SUPPLEMENTARY INFORMATION:

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

SINGLE AUDIT SECTION

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

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

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

We have audited the financial statements of the Housing Authority of the Town of Ruston, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 9, 2004. 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.

Compliance

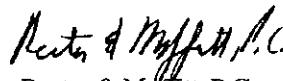
As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Ruston's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Town of Ruston's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

Stone Mountain, Georgia
December 9, 2004



Rector & Moffitt, P.C.
Certified Public Accountants



CERTIFIED PUBLIC
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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, 2004. The Housing Authority of the Town of Ruston's major federal programs are identified in the schedule of federal awards section of this report. 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, 2004.

Internal Control Over Compliance


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



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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, 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.



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

Stone Mountain, Georgia
December 9, 2004

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended June 30, 2003, 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
- Reportable condition (s) identified that are not considered to be materials weaknesses? yes no

Noncompliance material to financial Statements noted? yes no

Federal Awards

Internal Control over major programs:

- Material weakness (es) identified? yes no
- Reportable condition (s) 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? No

REQUIRED SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
BALANCE SHEET ACCOUNTS
JUNE 30, 2004

| <u>Account Description</u> | Low-Rent 14.850 | PHDEP 14.854 | Comp Grant 14.859 | Capital Fund 14.872 |
|--|---------------------|-----------------|----------------------|------------------------|
| ASSETS: | | | | |
| CURRENT ASSETS: | | | | |
| Cash: | | | | |
| Cash - unrestricted | \$ 111,677 | \$ 0 | \$ 0 | \$ 0 |
| Cash - other restricted | 33,353 | 0 | 0 | 0 |
| Total Cash | 145,030 | 0 | 0 | 0 |
| Accounts and notes receivables: | | | | |
| Accounts receivable - HUD other projects | 0 | 0 | 0 | 22,538 |
| Accounts receivable - Other government | 7,650 | 0 | 0 | 0 |
| Accounts receivable - tenants - dwelling rents | 10,206 | 0 | 0 | 0 |
| Allowance for doubtful accounts | (2,390) | 0 | 0 | 0 |
| Accounts interest receivable | 2,877 | 0 | 0 | 0 |
| Total receivables, net of allowances for uncollectibles | 18,343 | 0 | 0 | 22,538 |
| Current investments | | | | |
| Investments - unrestricted | 505,874 | 0 | 0 | 0 |
| Prepaid expenses and other assets | 46,997 | 0 | 0 | 0 |
| Inventory - materials | 35,854 | 0 | 0 | 0 |
| Allowance for Obsolete Inventories | (703) | 0 | 0 | 0 |
| Interprogram due from | 36,645 | 0 | 0 | 0 |
| TOTAL CURRENT ASSETS | 788,040 | 0 | 0 | 22,538 |
| NONCURRENT ASSETS: | | | | |
| Fixed Assets: | | | | |
| Land | 36,279 | 0 | 0 | 0 |
| Buildings | 3,601,846 | 0 | 0 | 0 |
| Furniture, equipment & mach. - dwellings | 193,719 | 0 | 0 | 0 |
| Furniture, equipment & mach. - admin. | 275,945 | 0 | 0 | 0 |
| Leasehold improvements | 5,403,475 | 0 | 0 | 0 |
| Accumulated depreciation | (7,290,573) | 0 | 0 | 0 |
| Construction in progress | 0 | 0 | 0 | 653,592 |
| Total fixed assets, net of accumulated depreciation | 2,220,691 | 0 | 0 | 653,592 |
| TOTAL ASSETS | \$ 3,008,731 | \$ 0 | \$ 0 | \$ 676,130 |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
BALANCE SHEET ACCOUNTS
JUNE 30, 2004

| <u>Account Description</u> | <u>Business Activities</u> | <u>TOTAL</u> |
|--|--------------------------------|---------------------|
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash: | | |
| Cash - unrestricted | \$ 0 | \$ 111,677 |
| Cash - other restricted | 0 | 33,353 |
| Total Cash | <u>0</u> | <u>145,030</u> |
| Accounts and notes receivables: | | |
| Accounts receivable - HUD other projects | 0 | 22,538 |
| Accounts receivable - Other government | 0 | 7,650 |
| Accounts receivable - tenants - dwelling rents | 0 | 10,206 |
| Allowance for doubtful accounts | 0 | (2,390) |
| Accounts interest receivable | 0 | 2,877 |
| Total receivables, net of allowances for uncollectibles | <u>0</u> | <u>40,881</u> |
| Current investments | | |
| Investments - unrestricted | 0 | 505,874 |
| Prepaid expenses and other assets | 0 | 46,997 |
| Inventory - materials | 0 | 35,854 |
| Allowance for Obsolete Inventories | 0 | (703) |
| Interprogram due from | 0 | 36,645 |
| TOTAL CURRENT ASSETS | <u>0</u> | <u>810,578</u> |
| NONCURRENT ASSETS: | | |
| Fixed Assets: | | |
| Land | 3,000 | 39,279 |
| Buildings | 37,000 | 3,638,846 |
| Furniture, equipment & mach. - dwellings | 0 | 193,719 |
| Furniture, equipment & mach. - admin. | 0 | 275,945 |
| Leasehold improvements | 0 | 5,403,475 |
| Accumulated depreciation | 0 | (7,290,573) |
| Construction in progress | 0 | 653,592 |
| Total fixed assets, net of accumulated depreciation | <u>40,000</u> | <u>2,914,283</u> |
| TOTAL ASSETS | <u>\$ 40,000</u> | <u>\$ 3,724,861</u> |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
BALANCE SHEET ACCOUNTS
JUNE 30, 2004

| <u>Account Description</u> | Low-Rent | PHDEP | Comp Grant | Capital Fund |
|--|---------------------|---------------|---------------|-------------------|
| | <u>14,850</u> | <u>14,854</u> | <u>14,859</u> | <u>14,872</u> |
| LIABILITIES AND EQUITY: | | | | |
| LIABILITIES: | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable <= 90 days | \$ 20,052 | \$ 0 | \$ 0 | \$ 0 |
| Accrued wage/payroll taxes payable | 718 | 0 | 0 | 0 |
| Accrued compensated absences - current portion | 9,280 | 0 | 0 | 0 |
| Tenant security deposits | 33,353 | 0 | 0 | 0 |
| Deferred revenue | 1,602 | 0 | 0 | 0 |
| Interprogram (due to) | <u>0</u> | <u>0</u> | <u>0</u> | <u>22,538</u> |
| TOTAL CURRENT LIABILITIES | <u>65,005</u> | <u>0</u> | <u>0</u> | <u>22,538</u> |
| NONCURRENT LIABILITIES: | | | | |
| Accrued Compensated Absences - Non-Current | <u>27,841</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL NONCURRENT LIABILITIES | <u>27,841</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL LIABILITIES | <u>92,846</u> | <u>0</u> | <u>0</u> | <u>22,538</u> |
| EQUITY: | | | | |
| Capital assets net of related debt | 2,220,691 | 0 | 0 | 653,592 |
| Retained earnings - unrestricted | <u>695,194</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL EQUITY | <u>2,915,885</u> | <u>0</u> | <u>0</u> | <u>653,592</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 3,008,731</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 676,130</u> |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
BALANCE SHEET ACCOUNTS
JUNE 30, 2004

| <u>Account Description</u> | <u>Business</u> | <u>TOTAL</u> |
|--|---------------------|----------------------|
| | <u>Activities</u> | |
| LIABILITIES AND EQUITY: | | |
| LIABILITIES: | | |
| CURRENT LIABILITIES | | |
| Accounts payable <= 90 days | \$ 0 | \$ 20,052 |
| Accrued wage/payroll taxes payable | 0 | 718 |
| Accrued compensated absences - current portion | 0 | 9,280 |
| Tenant security deposits | 0 | 33,353 |
| Deferred revenue | 0 | 1,602 |
| Interprogram (due to) | 14,107 | 36,645 |
| TOTAL CURRENT LIABILITIES | 14,107 | 101,650 |
| NONCURRENT LIABILITIES: | | |
| Accrued Compensated Absences - Non-Current | 0 | 27,841 |
| TOTAL NONCURRENT LIABILITIES | 0 | 27,841 |
| TOTAL LIABILITIES | 14,107 | 129,491 |
| EQUITY: | | |
| Capital assets net of related debt | 40,000 | 2,914,283 |
| Retained earnings - unrestricted | (14,107) | 681,087 |
| TOTAL EQUITY | 25,893 | 3,595,370 |
| TOTAL LIABILITIES AND EQUITY | \$ 40,000 | \$ 3,724,861 |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
INCOME STATEMENT ACCOUNTS
JUNE 30, 2004

| <u>Account Description</u> | <u>Low-Rent</u> 14.850 | <u>PHDEP</u> 14.854 | <u>Comp Grant</u> 14.859 | <u>Capital Fund</u> 14.872 |
|--|---------------------------|------------------------|-----------------------------|-------------------------------|
| REVENUES: | | | | |
| Net tenant rental revenue | \$ 534,770 | \$ 0 | \$ 0 | \$ 0 |
| Tenant revenue - other | 99,764 | 0 | 0 | 0 |
| Total tenant revenue | 634,534 | 0 | 0 | 0 |
| HUD PHA grants | 371,066 | 1,666 | 0 | 75,812 |
| HUD Capital grants | 0 | 0 | 0 | 303,712 |
| Investment income - unrestricted | 6,242 | 0 | 0 | 0 |
| Other revenue | 118,111 | 0 | 0 | 0 |
| Gain/Loss on Sale of Fixed Assets | (27) | 0 | 0 | 0 |
| TOTAL REVENUES | \$ 1,129,926 | \$ 1,666 | \$ 0 | \$ 379,524 |
| EXPENSES: | | | | |
| Administrative | | | | |
| Administrative salaries | \$ 116,862 | \$ 0 | \$ 0 | \$ 40,285 |
| Auditing fees | 6,170 | 0 | 0 | 1,000 |
| Compensated absences | 986 | 0 | 0 | 0 |
| Employee benefit contributions - administrative | 37,646 | 0 | 0 | 3,332 |
| Other operating - administrative | 76,864 | 84 | 0 | 31,195 |
| Total Administrative Expense | 238,528 | 84 | 0 | 75,812 |
| Resident Services | | | | |
| Resident Salaries | 15,724 | 0 | 0 | 0 |
| Resident services-other | 10,782 | 0 | 0 | 0 |
| Employee benefit contributions - resident services | 5,103 | 0 | 0 | 0 |
| Total Resident services expense | 31,609 | 0 | 0 | 0 |
| Utilities | | | | |
| Water | 19,524 | 0 | 0 | 0 |
| Electricity | 176,883 | 0 | 0 | 0 |
| Gas | 4,824 | 0 | 0 | 0 |
| Other utilities expense | 42,289 | 0 | 0 | 0 |
| Total Utilities Expense | 243,520 | 0 | 0 | 0 |
| Ordinary Maintenance & Operation | | | | |
| Ordinary maint. and oper. - labor | 214,193 | 0 | 0 | 0 |
| Ordinary maint. and oper. - materials & others | 51,042 | 0 | 0 | 0 |
| Ordinary maint. and oper. - contract costs | 98,136 | 0 | 0 | 0 |
| Ordinary maint. and oper. - benefits | 57,043 | 0 | 0 | 0 |
| Total Ordinary Maintenance & Operation | 420,414 | 0 | 0 | 0 |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
INCOME STATEMENT ACCOUNTS
JUNE 30, 2004

| <u>Account Description</u> | <u>Low-Rent</u> 14.850 | <u>PHDEP</u> 14.854 | <u>Comp Grant</u> 14.859 | <u>Capital Fund</u> 14.872 |
|---|---------------------------|------------------------|-----------------------------|-------------------------------|
| Protective services | | | | |
| Protective services - other contract costs | 0 | 1,582 | 0 | 0 |
| Total Protective Services | 0 | 1,582 | 0 | 0 |
| General Expenses | | | | |
| Insurance premiums | 133,345 | 0 | 0 | 0 |
| Bad debt - tenant rents | 28,309 | 0 | 0 | 0 |
| Total General Expenses | 161,654 | 0 | 0 | 0 |
| TOTAL OPERATING EXPENSE | 1,095,725 | 1,666 | 0 | 75,812 |
| EXCESS OPERATING REVENUE OVER OPERATING EXP. | 34,201 | 0 | 0 | 303,712 |
| Other Expenses | | | | |
| Casualty losses-Non-capitalized | (1,720) | 0 | 0 | 0 |
| Depreciation expense | 221,739 | 0 | 0 | 0 |
| Total Other Expenses | 220,019 | 0 | 0 | 0 |
| TOTAL EXPENSES | \$ 1,315,744 | \$ 1,666 | \$ 0 | \$ 75,812 |
| EXCESS OF REVENUE OVER EXPENSES | (185,818) | 0 | 0 | 303,712 |
| Equity transfers | 1,434,420 | | (354,579) | (1,079,841) |
| Prior period adjustments | 2,079 | 0 | 0 | 0 |
| Beginning Equity | 1,665,204 | 0 | 354,579 | 1,429,721 |
| Ending Equity | 2,915,885 | 0 | 0 | 653,592 |
| Units months available | 3,600 | 0 | 0 | 0 |
| Units months leased | 3,386 | 0 | 0 | 0 |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
INCOME STATEMENT ACCOUNTS
JUNE 30, 2004

| <u>Account Description</u> | <u>Business Activities</u> | <u>TOTAL</u> |
|--|--------------------------------|---------------------|
| REVENUES: | | |
| Net tenant rental revenue | \$ 0 | \$ 534,770 |
| Tenant revenue - other | 0 | 99,764 |
| Total tenant revenue | 0 | 634,534 |
| HUD PHA grants | 0 | 448,544 |
| HUD Capital grants | 0 | 303,712 |
| Investment income - unrestricted | 0 | 6,242 |
| Other revenue | 25,893 | 144,004 |
| Gain/Loss on Sale of Fixed Assets | 0 | (27) |
| TOTAL REVENUES | \$ 25,893 | \$ 1,537,009 |
| EXPENSES: | | |
| Administrative | | |
| Administrative salaries | \$ 0 | \$ 157,147 |
| Auditing fees | 0 | 7,170 |
| Compensated absences | 0 | 986 |
| Employee benefit contributions - administrative | 0 | 40,978 |
| Other operating - administrative | 0 | 108,143 |
| Total Administrative Expense | 0 | 314,424 |
| Resident Services | | |
| Resident Salaries | 0 | 15,724 |
| Resident services-other | 0 | 10,782 |
| Employee benefit contributions - resident services | 0 | 5,103 |
| Total Resident services expense | 0 | 31,609 |
| Utilities | | |
| Water | 0 | 19,524 |
| Electricity | 0 | 176,883 |
| Gas | 0 | 4,824 |
| Other utilities expense | 0 | 42,289 |
| Total Utilities Expense | 0 | 243,520 |
| Ordinary Maintenance & Operation | | |
| Ordinary maint. and oper. - labor | 0 | 214,193 |
| Ordinary maint. and oper. - materials & others | 0 | 51,042 |
| Ordinary maint. and oper. - contract costs | 0 | 98,136 |
| Ordinary maint. and oper. - benefits | 0 | 57,043 |
| Total Ordinary Maintenance & Operation | 0 | 420,414 |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY
INCOME STATEMENT ACCOUNTS
JUNE 30, 2004

| <u>Account Description</u> | <u>Business Activities</u> | <u>TOTAL</u> |
|---|--------------------------------|---------------------|
| <i>Protective services</i> | | |
| Protective services - other contract costs | 0 | 1,582 |
| Total Protective Services | 0 | 1,582 |
| <i>General Expenses</i> | | |
| Insurance premiums | 0 | 133,345 |
| Bad debt - tenant rents | 0 | 28,309 |
| Total General Expenses | 0 | 161,654 |
| TOTAL OPERATING EXPENSE | 0 | 1,173,203 |
| EXCESS OPERATING REVENUE OVER OPERATING EXP. | 25,893 | 337,913 |
| <i>Other Expenses</i> | | |
| Casualty losses-Non-capitalized | 0 | (1,720) |
| Depreciation expense | 0 | 221,739 |
| Total Other Expenses | 0 | 220,019 |
| TOTAL EXPENSES | \$ 0 | \$ 1,393,222 |
| EXCESS OF REVENUE OVER EXPENSES | 25,893 | 143,787 |
| Equity transfers | 0 | 0 |
| Prior period adjustments | 0 | 2,079 |
| Beginning Equity | 0 | 3,449,504 |
| Ending Equity | 25,893 | 3,595,370 |
| Units months available | 0 | 3,600 |
| Units months leased | 0 | 3,386 |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004

| | <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: | | | |
| Operating subsidy | A - Major | 14.850 | \$ 371,066 |
| Drug Elimination Program | B - Nonmajor | 14.854 | 1,666 |
| Capital Fund Program | A - Major | 14.872 | <u>379,524</u> |
| TOTAL FEDERAL FINANCIAL AWARDS | | | \$ <u><u>752,256</u></u> |

HOUSING AUTHORITY OF THE TOWN OF RUSTON
Ruston, Louisiana

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

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, 2004.

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, 2004.
- 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, 2004.
- The Housing Authority of the Town of Ruston maintains the following limits of insurance as of June 30, 2004:

| | |
|----------------------------|---------------|
| Property | \$ 11,704,000 |
| Liability | \$ 1,000,000 |
| Commercial Auto | \$ 100,000 |
| Commercial Auto Liability | \$ 300,000 |
| Worker Compensation | Regulatory |
| Public Officials Liability | \$ 1,000,000 |
| Fidelity Bond | \$ 45,000 |

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

**SUPPLEMENTARY INFORMATION
SPECIAL REPORTS**

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

**STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

Annual Contributions Contract FW-1074

PHASE LA48P054707-99

- 1 The Actual Modernization Costs of Phase 709 were:

| | |
|--------------------------|----------------|
| Funds Approved | \$ 412,799 |
| Funds Expended | <u>412,799</u> |
| Excess of Funds Approved | <u>\$ -</u> |
| | |
| Funds Advanced | \$ 412,799 |
| Funds Expended | <u>412,799</u> |
| Excess of Funds Advanced | <u>\$ -</u> |

- 2 There were no audit period additions for fiscal year 2004.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated January 30, 2003, 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.

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

**STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

Annual Contributions Contract FW-1074

PHASE LA9054501-00

- 1 The Actual Modernization Costs of Phase 501-00 were:

| | |
|--------------------------|----------------|
| Funds Approved | \$ 531,843 |
| Funds Expended | <u>531,843</u> |
| Excess of Funds Approved | <u>\$ -</u> |
| | |
| Funds Advanced | \$ 531,843 |
| Funds Expended | <u>531,843</u> |
| Excess of Funds Advanced | <u>\$ -</u> |

- 2 There were no audit period additions for fiscal year 2004.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated June 27, 2003, 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.

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

**STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED JUNE 30, 2004**

Annual Contributions Contract FW-1074

PHASE LA9054501-01

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

| | |
|--------------------------|----------------|
| Funds Approved | \$ 542,715 |
| Funds Expended | <u>542,715</u> |
| Excess of Funds Approved | <u>\$ -</u> |
| | |
| Funds Advanced | \$ 542,715 |
| Funds Expended | <u>542,715</u> |
| Excess of Funds Advanced | <u>\$ -</u> |

- 2 Audit period additions were \$78,55 and accordingly were audited by Rector & Moffitt, P.C.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated December 9, 2003, 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.