

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

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

**YEAR ENDED JUNE 30, 2018**

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

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

**YEAR ENDED JUNE 30, 2018**



**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION  
AND OTHER INFORMATION – STATE OR LOCAL GOVERNMENTAL ENTITY  
INDEPENDENT AUDITORS' 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

**Report on Financial Statements**

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, 2018, and the related notes to the financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

***Opinion***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Town of Ruston, as of June 30, 2018, and the respective changes in financial position and, where appropriate, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the table of contents, should be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedure did not provide us with sufficient evidence to express an opinion or provide any assurance.


### *Supplementary and Other Information*

Our audit was conducted 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as the Financial Data Schedules and Special Reports required by the U.S. Department of Housing and Urban Development, and the Schedule of Expenditures of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Office, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 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 solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Rector, Reeder & Lofton, P.C.  
Certified Public Accountants

Lawrenceville, Georgia  
December 12, 2018

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

**MANAGEMENT DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

# **HOUSING AUTHORITY OF THE TOWN OF RUSTON MANAGEMENT'S DISCUSSION & ANALYSIS FISCAL YEAR ENDED JUNE 30, 2018**

The management of The Housing Authority of the Town of Ruston offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended June 30, 2018. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual program issues or concerns. Readers should consider the information presented here in conjunction with the Authority's financial statements to obtain a full understanding of its financial position.

This management's discussion and analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) to allow the reader to gain an adequate understanding of the Authority's annual operating results and financial position as of June 30, 2018.

Questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority's Executive Director.

## **Financial Highlights**

- The Authority's net position increased by \$77,627 or 1.19%. Since the Authority engages only in business-type activities, the increase is in the category of business-type net position. Net position was \$6,587,756 and \$6,510,129 for FY 2018 and FY 2017, respectively.
- The Authority's cash and investments balance as of June 30, 2018 was \$2,304,121 representing an increase of \$301,792 from June 30, 2017.
- The Authority had total revenues of \$2,304,092 and total expenses of \$2,226,465 for the year ended June 30, 2018.

## **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 Position (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 position 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 position are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority’s operations over the past fiscal year.

The purpose of 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 Position and the Statement of Revenues, Expenses, and Changes in Net Position 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 Position is presented in Table I, which follows.

**Housing Authority of the Town of Ruston  
Comparative Statement of Net Position  
TABLE I**

	<b>2018</b>	<b>2017</b>	<b>Total Change</b>	<b>% Change</b>
Current Assets	\$ 2,544,974	\$ 2,272,410	\$ 272,564	11.99%
Capital Assets	4,190,649	4,400,278	(209,629)	-4.76%
<b>Total Assets</b>	<b>\$ 6,735,623</b>	<b>\$ 6,672,688</b>	<b>\$ 62,935</b>	<b>0.94%</b>
Current Liabilities	\$ 120,791	\$ 127,177	\$ (6,386)	-5.02%
Noncurrent Liabilities	27,076	35,382	(8,306)	-23.48%
<b>Total Liabilities</b>	<b>147,867</b>	<b>162,559</b>	<b>(14,692)</b>	<b>-9.04%</b>
Net Investment in Capital Assets	4,190,649	4,400,278	(209,629)	-4.76%
Unrestricted	2,397,107	2,109,851	287,256	13.61%
<b>Total Net Position</b>	<b>6,587,756</b>	<b>6,510,129</b>	<b>77,627</b>	<b>1.19%</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 6,735,623</b>	<b>\$ 6,672,688</b>	<b>\$ 62,935</b>	<b>0.94%</b>

Total assets increased by \$62,935 or 0.94%. This was a result of the increase in cash and investments of \$301,792 due to the results of operations for the year. Total receivables decreased by \$15,631 or 16.15% due to decreases in amounts due from HUD of \$18,686 or 35.36%. Amounts due from tenants also decreased by \$3,515 or 20.01%. Prepaid expenses increased slightly by \$3,498 or 4.20%, while net inventory decreased by \$17,095 or 18.97% due to amounts held on hand at the end of the year. Capital assets decreased by \$209,629 or 4.76% due to depreciation expense exceeding additions during the year.

Current liabilities decreased by \$6,386 or 5.02% due to decreases in accounts payable and prepaid rents. Noncurrent liabilities also decreased by \$8,306 or 23.48% due to a decrease in the noncurrent portion of compensated absences.

As illustrated in the above Comparative Statement of Net Position, the overall Net Position of the Authority increased by \$77,627 or 1.19%. Unrestricted Net Position increased by \$287,256 or 13.61%, representing an increase in net working capital and available resources for future programs and expenditures. Net Investment in Capital Assets decreased by \$209,629 or 4.76%. This change was due to current period depreciation expense exceeding capital asset additions.

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

**Housing Authority of the Town of Ruston**  
**Comparative Statement of Revenues, Expenses, and Changes in Net Position**  
**TABLE II**

	<b>2018</b>	<b>2017</b>	<b>Total Change</b>	<b>% Change</b>
Tenant Revenue	\$ 1,025,079	\$ 1,055,292	\$ (30,213)	-2.86%
Grant Funding	1,129,299	1,351,375	(222,076)	-16.43%
Interest Income	7,109	5,649	1,460	25.85%
Other Income	142,605	246,808	(104,203)	-42.22%
<b>Total Revenue</b>	<b>2,304,092</b>	<b>2,659,124</b>	<b>(355,032)</b>	<b>-13.35%</b>
Administration	395,362	419,513	(24,151)	-5.76%
Tenant Services	86,700	92,961	(6,261)	-6.74%
Utilities	280,819	294,095	(13,276)	-4.51%
Protective Services	37,334	14,468	22,866	158.05%
Maintenance	746,441	821,388	(74,947)	-9.12%
General	237,034	214,890	22,144	10.30%
Interest	-	2,010	(2,010)	-100.00%
Depreciation	442,775	440,560	2,215	0.50%
<b>Total Expenses</b>	<b>2,226,465</b>	<b>2,299,885</b>	<b>(73,420)</b>	<b>-3.19%</b>
Change in Net Position	77,627	359,239	(281,612)	-78.39%
Beginning Net Position	6,510,129	6,150,890	359,239	5.84%
<b>Ending Net Position</b>	<b>\$ 6,587,756</b>	<b>\$ 6,510,129</b>	<b>\$ 77,627</b>	<b>1.19%</b>

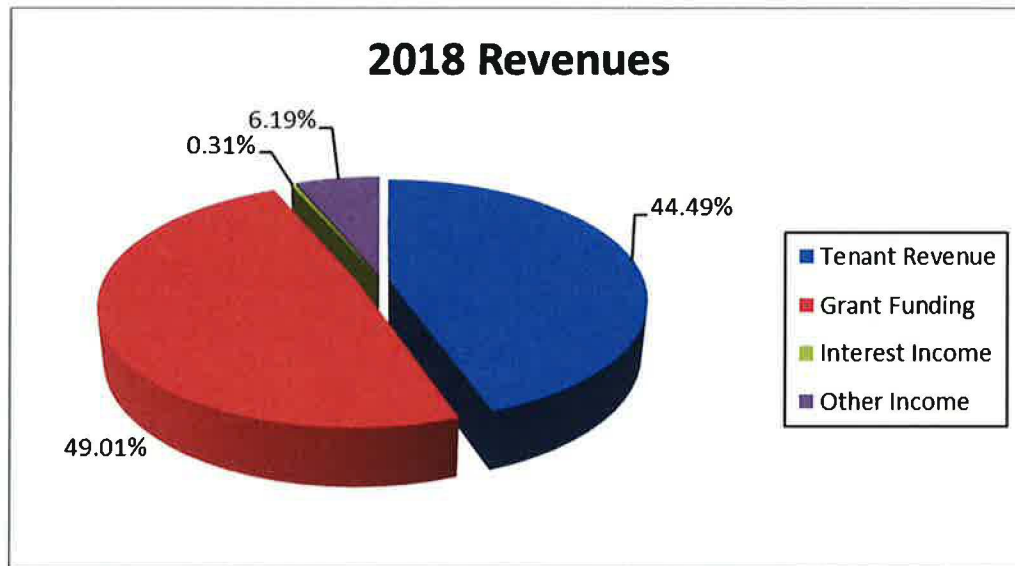
**Housing Authority of the Town of Ruston**  
**Statement of Revenues, Expenses, and Changes in Net Position - By Program**  
**For Year Ended June 30, 2018**

**TABLE III**

	<b>Public &amp; Indian Housing</b>	<b>Central Office</b>	<b>Business Type Activity</b>	<b>Eliminations</b>	<b>Total</b>
Tenant Revenue	\$ 1,019,499	\$ -	\$ 5,580	\$ -	\$ 1,025,079
Grant Funding	1,129,299	-	-	-	1,129,299
Interest Income	3,125	2,085	1,899	-	7,109
Other Income	19,900	300,222	106,056	(283,573)	142,605
<b>Total Revenue</b>	<b>2,171,823</b>	<b>302,307</b>	<b>113,535</b>	<b>(283,573)</b>	<b>2,304,092</b>
Administration	464,319	172,880	5,856	(247,693)	395,362
Asset Management	35,880	-	-	(35,880)	-
Tenant Services	86,700	-	-	-	86,700
Utilities	280,075	-	744	-	280,819
Maintenance	693,004	-	53,437	-	746,441
Protective Services	37,334	-	-	-	37,334
General	226,383	10,077	574	-	237,034
Interest	-	-	-	-	-
Depreciation	441,541	-	1,234	-	442,775
<b>Total Expenses</b>	<b>2,265,236</b>	<b>182,957</b>	<b>61,845</b>	<b>(283,573)</b>	<b>2,226,465</b>
<b>Change in Net Position</b>	<b>(93,413)</b>	<b>119,350</b>	<b>51,690</b>	<b>-</b>	<b>77,627</b>
Transfer of Funds	-	-	-	-	-
Beginning Net Position	5,288,221	591,273	630,635	-	6,510,129
<b>Ending Net Position</b>	<b>\$ 5,194,808</b>	<b>\$ 710,623</b>	<b>\$ 682,325</b>	<b>\$ -</b>	<b>\$ 6,587,756</b>

**REVENUES**

In reviewing the Statement of Revenues, Expenses, and Changes in Net Position, you will find that 49.01% 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 which account for 44.48% of total revenue. Other Revenue, including Interest from Investments, and Property, Grant, and Asset Management Fees to the Central office comprises the remaining 6.51%. Compared to the Fiscal Year Ended June 30, 2017, revenues showed an overall decrease of \$355,032 or 13.35%.



**Tenant Revenue** - Tenant Revenue decreased from \$1,055,292 to \$1,025,079 or 2.86%. Dwelling rent revenue typically changes in relation to changes in the number of working family tenants and changes in dwelling unit occupancy.

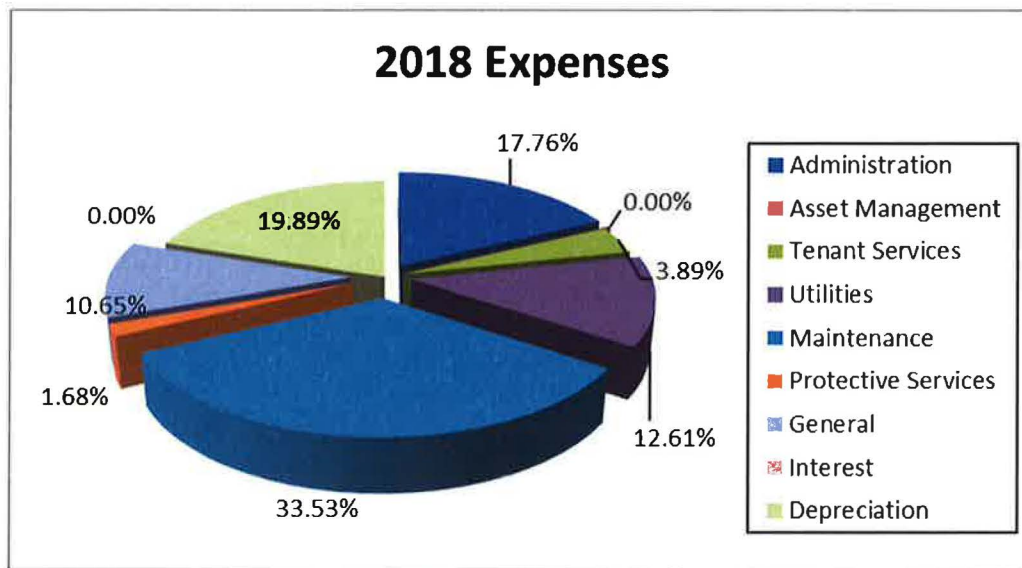
**Program Grants/Subsidies** - The Authority experienced a decrease of \$222,076 or 16.43% in Grant Funding from \$1,351,375 in FY2018 to \$1,129,299. This decrease was due to decreased draws in Capital Funds in the current fiscal year.

**Interest Income** - Interest income increased by \$1,460 or 25.85% as more funds were available to invest.

**Other Income** - Other income decreased by \$104,203 or 42.22% due to the sale of Capital Assets during the prior year.

## EXPENSES

The Housing Authority of the Town of Ruston experienced a slight decrease in expenses of \$73,420 or 3.19%. Expenses were \$2,226,465 in FY2018, compared to \$2,299,885 in FY2017.



The highlights of changes in 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 2017, administrative costs decreased by \$24,151 or 5.76%.

**Tenant Services** - Tenant services costs include all costs incurred by the Authority to provide social services to the residents. Tenant Services costs decreased from \$92,961 to \$86,700, or 6.74% due to fewer activities during the year.

**Utilities** - The total utilities expense for the Authority remained relatively stable during the year, decreasing by \$13,276 or 4.51% due to normal fluctuations in rates and consumption.

**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. Maintenance expenses for the Authority decreased by \$74,947 or 9.12%. The majority of the decreases were in salaries of \$37,933 and materials of \$31,820.

**Protective Services** – During the prior year the Authority hired security personnel and charged salary and benefits to protective services. This year this amount increased by \$22,866 or 158.05% due to a full year of these services being provided.



**General Expenses** - General expenses include insurance costs, property taxes, compensated absences and collection losses. General expenses for the Authority increased from \$214,890 to \$237,034, or \$22,144 (10.31%) primarily due to an increase in insurance expense of \$9,704 or 7.97% and an increase in write-offs during the year of \$20,111 or 33.95%.

**Interest Expense** - Interest expense on capital notes decreased by \$2,010 or 100% due to the loan being satisfied during the prior period.

**CAPITAL ASSETS**

As of June 30, 2018, the Authority experienced a decrease in its capital assets of \$209,629 or 4.76% to \$4,190,649. The following chart illustrates the Capital Asset values for 2017 and 2018.

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

	<b>2018</b>	<b>2017</b>	<b>Total Change</b>	<b>% Change</b>
Land	\$ 38,768	\$ 38,768	\$ -	0.00%
Buildings & improvements	14,096,392	13,874,828	221,564	1.60%
Equipment	486,507	474,925	11,582	2.44%
Construction in Progress	-	-	-	0.00%
	<u>14,621,667</u>	<u>14,388,521</u>	<u>233,146</u>	<u>1.62%</u>
Accumulated Depreciation	<u>(10,431,018)</u>	<u>(9,988,243)</u>	<u>(442,775)</u>	<u>4.43%</u>
<b>Total Capital Assets</b>	<u><b>\$ 4,190,649</b></u>	<u><b>\$ 4,400,278</b></u>	<u><b>\$ (209,629)</b></u>	<u><b>-4.76%</b></u>

Major changes in the capital asset accounts are summarized below:

Balance at July 1, 2017	\$ 4,400,278
Current period additions – capital fund	233,146
Current period depreciation expense	<u>(442,775)</u>
Balance at June 30, 2018	<u>\$ 4,190,649</u>

**DEBT OBLIGATIONS**

As of June 30, 2018, the Authority had no outstanding debt.

## **ECONOMIC FACTORS**

Several significant economic factors affecting the Housing Authority are as follows:

- Congressional funding of the Department of Housing and Urban Development, including potential “subsidy allocation adjustments.”
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Health care and other insurance costs continue to increase dramatically due to the Affordable Care Act.

## **CONCLUSIONS:**

Overall, the Housing Authority of the Town of Ruston had a good year financially. Its management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

This financial report is designed to provide our residents, the citizens of Ruston, Louisiana, all federal and state regulatory bodies, and any creditors with a general overview of the Authority’s finances. If you have any questions regarding these financial statements or supplemental information, you may contact the Executive Director or Assistant Executive Director at (318) 255-3644, or address your correspondence to: Housing Authority of the Town of Ruston, P.O. Box 510, Ruston, LA 71270.

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

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Housing Authority of the Town of Ruston  
Ruston, Louisiana**

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

**ASSETS**

**Current Assets**

Cash & cash equivalents - unrestricted	\$ 1,990,933
Cash & cash equivalents - restricted	56,399
Investments - unrestricted	256,789
Accounts receivable, net	81,151
Prepaid expenses	86,688
Inventories, net	<u>73,014</u>
 Total Current Assets	 <u>2,544,974</u>

**Noncurrent Assets**

Capital Assets:

Land	38,768
Buildings & improvements	14,096,392
Furniture & equipment	<u>486,507</u>
	14,621,667
Less: Accumulated depreciation	<u>(10,431,018)</u>
Total Capital Assets	<u>4,190,649</u>
 Total Noncurrent Assets	 <u>4,190,649</u>

**TOTAL ASSETS**

**\$ 6,735,623**

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

## LIABILITIES & NET POSITION

### Current Liabilities

Accounts payable	\$	33,691
Accrued liabilities		24,781
Unearned revenue		5,920
Tenant security deposits/escrow deposits		<u>56,399</u>
Total Current Liabilities		<u>120,791</u>

### Noncurrent Liabilities

Accrued liabilities - noncurrent		<u>27,076</u>
Total Noncurrent Liabilities		<u>27,076</u>

TOTAL LIABILITIES		<u>147,867</u>
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### Net Position

Net investment in capital assets		4,190,649
Unrestricted		<u>2,397,107</u>
TOTAL NET POSITION		<u>6,587,756</u>

<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$</b>	<b><u><u>6,735,623</u></u></b>
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**Housing Authority of the Town of Ruston  
Ruston, Louisiana**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018**

**Operating Revenues**

Tenant revenue	\$	1,025,079
Governmental grants & subsidy		896,153
Other income		142,605
<b>Total Operating Revenue</b>		<b>2,063,837</b>

**Operating Expenses**

Administration		395,362
Tenant services		86,700
Utilities		280,819
Maintenance & operations		746,441
Protective services		37,334
General expense		237,034
Depreciation expense		442,775
<b>Total Operating Expense</b>		<b>2,226,465</b>

<b>Net Operating Income/(Loss)</b>		<b>(162,628)</b>
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**Nonoperating Revenues/(Expenses)**

Investment income		7,109
<b>Net Nonoperating Revenues/(Expenses)</b>		<b>7,109</b>

<b>Net Income/(Loss) before capital grants</b>		<b>(155,519)</b>
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Capital grants		233,146
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<b>Increase/(Decrease) in Net Position</b>		<b>77,627</b>
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Total Net Position - beginning		6,510,129
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<b>Total Net Position - ending</b>	<b>\$</b>	<b>6,587,756</b>
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The accompanying notes are an integral part of these financial statements.

**Housing Authority of the Town of Ruston  
Ruston, Louisiana**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 1,167,684
Governmental grants & subsidy - operations	896,153
Payments to suppliers	(1,139,695)
Payments to employees	<u>(629,459)</u>
 NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	 <u>294,683</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments	(294)
Interest received	<u>7,109</u>
 NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES	 <u>6,815</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Governmental capital grant fund received	233,146
Additions to capital assets - capital funds	<u>(233,146)</u>
 NET CASH PROVIDED/(USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>-</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	301,498
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,745,834</u>
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	 <u>\$ 2,047,332</u>

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income/(Loss) from operations	\$ (162,628)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	442,775
Decrease (Increase) in accounts receivable	15,631
Decrease (Increase) in prepaid expenses	(3,498)
Decrease (Increase) in inventory	17,095
Increase (Decrease) in accounts payable	(9,395)
Increase (Decrease) in accrued liabilities	1,349
Increase (Decrease) in unearned revenue	(6,228)
Increase (Decrease) in security/trust deposits	<u>(418)</u>
 NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	 <u>\$ 294,683</u>

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 Authority 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 Authority 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 financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

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:

**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 Position. Proprietary Fund Net Position is segregated into Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. The following are the Authority's Proprietary Fund Types:



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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(Continued)

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

**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. Public and Indian 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. Public Housing Capital Fund Program – The objective of this program is to improve the physical condition of the Low Income Public Housing units and upgrade the management of the program.
3. Business Activities – The objective of this program is to acquire affordable housing property within the Ruston area. This program represents the activity of the Ruston Community Corporation.

**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.

**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. If the initial cost of the piece of equipment and/or other personal property is \$1,000 or more, and the anticipated life or useful value is more than one year, the same shall be capitalized. 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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(Continued)

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

**3. Subsidies:**

Operating grants and subsidy are recorded as operating revenue on the Statement of Revenues, Expenses, and Change in Net Position, while grants for capital improvements have been added to Net Position and are 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 affect 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 annually 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.

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 position below the nonoperating revenue and expense.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(Continued)

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

**9. New Accounting Pronouncements:**

During FY 2018, there were no new pronouncements implemented that impact the presentation of the financial statements and/or note disclosures.

**NOTE B - CASH AND INVESTMENTS:**

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, 2018, the Authority's cash and investments deposits had a carrying amount of \$2,304,055 and bank balances of \$2,344,358. Of the bank balances held in various financial institutions, \$729,969 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. At June 30, 2018, the Authority's petty cash/change funds totaled \$66.

**Investments** - At June 30, 2018, the Authority's investment balances were as follows:

<b>Investment Type</b>	<b>Market Value</b>	<b>Maturity</b>	<b>Rating</b>
Certificates of Deposit	\$ 256,789	Greater than 3 months	N/A

**Interest rate risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority 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 in five 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.

The above balances are contained in the following types of accounts at various financial institutions.

**HOUSING AUTHORITY OF THE TOWN OF RUSTON**  
**Ruston, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(Continued)

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

Cash & Investments at June 30, 2018 are as follows:

Checking accounts	\$ 2,047,266
Certificates of Deposit	256,789
Petty cash	<u>66</u>
	<u>\$ 2,304,121</u>

**Restricted Cash and Investments:**

Rental deposits are reserved until refunded to the tenant or used to cover expenses upon departure. The tenant security deposit cash and liability balances are as follows:

Tenant security deposit – cash	<u>\$ 56,399</u>
Tenant security deposit – liability	<u>\$ 56,399</u>

**Collateralization:**

As of June 30, 2018 the following securities were pledged as collateral to secure the deposits of the Housing Authority of the Town of Ruston:

Security	CUSIP	Market Value
<b>Origin Bank/Held at Raymond James</b>		
Caddo Parish LA GO	127269GY8	\$ 100,967
Calcasieu Parish LA School Dist GO	128506DX7	516,955
FNMA Pool #AE7758	31419JTQ1	125,120
Ouachita Parish LA West Ouachita Parish	689870JL8	104,035
Ouachita Parish LA West Ouachita Parish	689870JL8	52,018
FMLMC Pool #J12396	3128PRUV9	35,976
FNR 2012-22 PA	3136A4AJ8	84,037
FNR 2012-22 PA	3136A4AJ8	14,006
Ouachita Parish LA East	689861KE1	15,599
Lincoln Parish LA School District	534490DU8	207,500
FMLMC Pool #J13098	3128PSNP8	690
Calcasieu Parish LA School Dist GO	128494BA8	293,021
GNR 2018-34 DB	38380VMH1	<u>99,302</u>
		<u>\$ 1,649,226</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(Continued)

**NOTE C - ACCOUNTS RECEIVABLE AND ACCRUED RECEIVABLES:**

Accounts Receivable and Accrued Receivables at June 30, 2018, consisted of the following:

Tenants Accounts Receivable (Net of Allowance - \$1,173)	\$ 14,053
Accounts Receivable – HUD	34,159
Accounts Receivable – Other Government	32,784
Accrued Interest Receivable	<u>155</u>
	<u>\$ 81,151</u>

**NOTE D - PREPAID EXPENSES:**

Prepaid expenses at June 30, 2018, consisted of the following:

Prepaid insurance & expenses	\$ 86,688
Inventory materials (Net of Allowance - \$1)	<u>73,014</u>
	<u>\$ 159,702</u>

**NOTE E - CAPITAL ASSETS:**

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2018:

	Beginning Balances	Additions/ Depreciation	Transfers/ Adjustments	Dispositions	Ending Balances
<b>Enterprise Activities</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 38,768	\$ -	\$ -	\$ -	\$ 38,768
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total capital assets not being depreciated</b>	<u>38,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,768</u>
Buildings & improvements	13,874,828	221,564	-	-	14,096,392
Furniture & equipment	<u>474,925</u>	<u>11,582</u>	<u>-</u>	<u>-</u>	<u>486,507</u>
<b>Total capital assets being depreciated</b>	<u>14,349,753</u>	<u>233,146</u>	<u>-</u>	<u>-</u>	<u>14,582,899</u>
Less accumulated depreciation for:					
Buildings & improvements	(9,623,880)	(419,283)	-	-	(10,043,163)
Furniture & equipment	<u>(364,363)</u>	<u>(23,492)</u>	<u>-</u>	<u>-</u>	<u>(387,855)</u>
<b>Total accumulated depreciation</b>	<u>(9,988,243)</u>	<u>(442,775)</u>	<u>-</u>	<u>-</u>	<u>(10,431,018)</u>
<b>Total capital assets being depreciated</b>	<u>4,361,510</u>				<u>4,151,881</u>
<b>Enterprise activity capital assets, net</b>	<u>\$ 4,400,278</u>				<u>\$ 4,190,649</u>

Balance at July 1, 2017	\$ 4,400,278
Current period additions – capital fund	233,146
Current period depreciation expense	<u>(442,775)</u>
Balance at June 30, 2018	<u>\$ 4,190,649</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(Continued)

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

Accounts Payable and Accrued liabilities at June 30, 2018, consisted of the following:

Vendors & contractors	\$	33,691
Accrued compensated absences-current		12,570
Accrued wages		12,211
Tenant security deposits		56,399
Unearned revenue		<u>5,920</u>
	<u>\$</u>	<u>120,791</u>

**NOTE G - OTHER NONCURRENT LIABILITIES:**

Other noncurrent liabilities at June 30, 2018, consisted of the noncurrent portion of accrued compensated absences of \$27,076. The change in liabilities follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Compensated absences	\$ <u>50,508</u>	\$ <u>26,161</u>	\$ <u>(37,023)</u>	\$ <u>39,646</u>	\$ <u>12,570</u>
Total Noncurrent Liabilities	\$ <u>50,508</u>	\$ <u>26,161</u>	\$ <u>(37,023)</u>	\$ <u>39,646</u>	\$ <u>12,570</u>

**NOTE H - RELATED PARTY TRANSACTIONS:**

The Board of Commissioners of the Housing Authority also serves as Directors of the Ruston Community Corporation, Inc. Board. This organization is a nonprofit corporation designed to build and develop affordable housing in the Ruston area. This entity is included in the consolidated financial statements as Business Activities. There are no other related party transactions during the year.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(Continued)

**NOTE I - COMMITMENTS AND 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 judgments against the entity and/or required refunds by the entity to federal grantors and/or program beneficiaries. There were no such liabilities recorded as of June 30, 2018.

On May 12, 2015, the Authority entered into a Consent Order as a result of the settlement of litigation proceedings initiated in prior periods. This order runs for a period of 5 years and 2 months, and calls for compliance with a variety of policy, procedure, and reporting requirements. Failure to maintain compliance with all provisions of the Order, "may move this Court to impose any remedy authorized by law or equity, including but not limited to, an order requiring performance of such act or deeming such act to have been performed, and an award of damages, costs, and reasonable attorneys' fees which may have been occasioned by the violation or failure to perform." In 2018 there was no evidence to indicate that there was a violation or noncompliance with this consent order.

**NOTE J - 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 Authority total covered payroll for the year ended June 30, 2018 was \$305,592.

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 joinder agreement. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Authority contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Authority's current period contribution requirement. The Authority's contribution for the year ended June 30, 2018 was \$30,361 and the total pension contribution for the year was \$61,776.

Other than the above mentioned pension plan, the Authority does not participate in any Other Post-Employment Benefits plan.

**NOTE K - 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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
(Continued)

**NOTE K - RISK MANAGEMENT: (Cont'd)**

The Authority participates in public entity risk pool (Louisiana Housing Council, Inc. Group Self Insurance Risk Management Agency and Participating Members) for Property, General Liability, Workmen's Comp 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 L - ECONOMIC DEPENDENCY:**

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

**NOTE M - SUBSEQUENT EVENTS:**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management evaluated the activity of the Authority through December 12, 2018 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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

**OTHER REPORTS**

**YEAR ENDED JUNE 30, 2018**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

*INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the Housing Authority of the Town of Ruston, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Ruston's basic financial statements, and have issued our report thereon dated December 12, 2018.

**Internal Control Over Financial Reporting**

Management of the Housing Authority of the Town of Ruston is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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 grant agreements, 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
Rector, Reeder & Lofton, P.C.  
Certified Public Accountants

Lawrenceville, Georgia  
December 12, 2018



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE**  
*INDEPENDENT AUDITORS' 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

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the Town of Ruston's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the Town of Ruston's major federal programs for the year ended June 30, 2018. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the Town of Ruston's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Housing Authority of the Town of Ruston's compliance with those requirements.

**Opinion on Each Major Federal Program**

In our opinion, the Housing Authority of the Town of Ruston complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



**Report on 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 the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the Town of Ruston's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Accordingly, this report is not suitable for any other purpose. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
Rector, Reeder & Lofton, P.C.  
Certified Public Accountants

Lawrenceville, Georgia  
December 12, 2018

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

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended June 30, 2017, contained one formal audit finding:

***Finding 2017-001 – Unauthorized expenditures, fraud, waste and abuse. CFDA No. 14.850  
Significant Deficiency; Allowable Cost Principles***

During fiscal year 2017, the Authority discovered that an employee had been committing fraud and abusive activity, beginning in April of 2013 and up through the beginning of the prior audit period. The method through which misappropriation was taking place was in the modifying of payroll withholdings and falsifying overtime hours. In her role as payroll administrator, she was issuing payroll checks to herself for unauthorized overtime and using the Board Chairman and Executive Director's signature stamp. This was caused by the employee not being properly monitored or reviewed as to her activity. Also, she had access to signature stamps and was trusted to issue checks. The employee was terminated in FY 2017.

During the current year, we observed that the Housing Authority has revised its current policies and procedures to include a more comprehensive review and approval process of overtime payroll and that more oversight is in place for payroll liabilities and check writing authority with the Executive Director and the Board Chairman. ***Consequently, this findings is considered cleared.***

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Section I – Summary of Auditor's Results:**

**Financial Statements**

Type of report issued on the financial statements:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weakness(es) identified?	<b>No</b>
Significant deficiency(ies) identified not considered to be material weaknesses?	<b>None reported</b>
Noncompliance material to the financial statements noted?	<b>No</b>

**Federal Awards**

Internal controls over major programs:	
Material weakness(es) identified?	<b>No</b>
Significant deficiency(ies) identified not considered to be material weaknesses?	<b>None reported</b>

Type of report issued on the compliance for major programs:	<b>Unmodified</b>
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Any audit findings disclosed that are required to be reported under 2 CFR §200.516(a)?	<b>No</b>
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Identification of major program(s):

CFDA #14.850 – Public and Indian Housing

Dollar threshold used to distinguish between type A and type B programs:	<b>\$750,000</b>
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Low Risk Auditee under 2 CFR §200.520?	<b>No</b>
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**HOUSING AUTHORITY OF THE TOWN OF RUSTON  
Ruston, Louisiana**

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***  
(Continued)

**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 2 CFR §200.516(a):***

None reported



**Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures**

**Housing Authority of the Town of Ruston**

**INDEPENDENT ACCOUNTANT’S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of the Housing Authority of the Town of Ruston and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Housing Authority of the Town of Ruston (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LA’s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity’s management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

**Observation – As a result of our recommendations in prior years we noted that the Housing Authority has adopted a policy regarding the timing and adoption of an annual operating budget. This policy change was made in effect for 2018. We noted that the Housing Authority Board reviews the financial statements on a regular monthly basis and a budget to actual comparison is presented to them on a routine basis.**

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

c) **Disbursements**, including processing, reviewing, and approving

d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.



f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

**Observation - As a result of our recommendations in the prior year, the Housing Authority has adopted a new policy for credit cards. This policy which was adopted by the Board is currently being used for disbursements through credit cards.**

h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

**Observation - As a result of our recommendations in the prior year, the Housing Authority has adopted a new policy for travel reporting, documentation and reimbursement. This policy which was adopted by the Board is currently being used for all travel disbursements.**

i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**Finding - although the Housing Authority has adopted this policy during the year and the Board has approved this in the minutes of the Board meeting, there is no written verification that the employees have read the document. We recommend that the Housing Authority maintain a file with the official policy and signatures are obtained from all employees and Board members.**

j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**N/A - There is no debt service at agency.**

#### **Board or Finance Committee**

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**Observation - As documented in our work-papers (ref. JJ), the Board of Commissioners are scheduled to meet monthly, and they have an annual meeting for election of officers. They also meet to approve the operating budget and the budget revision. Quarterly the fee accountant presents financial information**

*for the three month and year-to-date and updates the Board of Commissioners with pertinent financial information. The minutes also show evidence of approval of major contracts, the five-year annual plan and any major capital improvements. The Board meets monthly as required and approves all contracts and certain disbursements on a consistent monthly basis.*

### **Bank Reconciliations**

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

***Observation - The Housing Authority does have a procedure in place to reconcile bank accounts on a systematic basis. We have examined the reconciliations for June 2018, July 2018 and August 2018. These bank reconciliations are dated by the computer system, signed by the preparer (fee accountant) and signed by one of the Board members.***

### **Collections**

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

***Observation - There is only one location for receiving cash collections and our normal audit testing was done as documented in our working papers in the Test of Transactions.***

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

***Observation - As documented in our working papers with our cash receipts examination (ref. TT-1), we have examined two different weeks from two different months to determine the propriety of collections. We have noted that our normal cash receipts examination is sufficient to satisfy the AUP requirements and nothing additional is required. We also noted that the Housing Authority does not have a policy or procedure to document how collections are to be performed, or the applicable controls over the process.***

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Observation - As documented in our working papers in our cash disbursements examination (ref. TT-2), we have examined thirty-eight (38) check vouchers and invoices for examination and compliance with applicable federal requirements. We noted no errors or violation of compliance requirements, and expenditures were within program budgets. As mentioned above the Housing Authority does not have a specific policy or procedure with disbursements and does not utilize purchase orders. Also, as noted in our audit report under "Findings, Recommendations and Replies" Finding no. 2117-001 shows a condition in which a signature stamp was used improperly. The Housing Authority has discontinued this policy and is now requiring manual signatures.**

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

**Observation - the Housing Authority has the following charge cards:**

**Wal-Mart - one (1)**

**Chase Card Services - three (3) – reviewed April and May 2018 bills and invoices**

**Chevron - two (2)**

**Shell - four (4)**

**Lowe's - one (1) – reviewed October 2017 bill and invoices**

**We noted in a few instances with the Chase Card services that there was a couple of months in which there was interest charged in the amount of \$6.23 for May and \$12.53 for April. Although these are isolated amounts and are the result of late payments, the Housing Authority does not carry balances which accrue large interest charges. All balances are paid off monthly.**

#### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Observation - As noted in our working papers (reference PL-9), added for the AUP requirement, we have examined the required travel and related expenditures for the year. The Housing Authority typically spends very little in regard to travel and entertainment. Upon examination of these additional procedures we determined that all expenditures are within the Federal and State compliance requirements. Additionally, as recommended in the prior year the Housing Authority has adopted a travel policy during the current fiscal year. We saw no weaknesses or deficiencies in travel expenditures.**

### **Contracts**

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- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Observation - As documented in our working papers (ref. PL-5), we have examined certain contract payments. We selected two contracts for review and a few ongoing service payments to determine that bids have been properly obtained and the prices received are competitive and in keeping with the Federal and State requirements. The Housing Authority procedure does not necessarily dictate that a formal contract for services is utilized in all cases. In some cases only certain vendors are available to do certain emergency or vacancy preparation work. In every case it was determined that the Housing Authority complied with their procurement policy.**

### **Payroll and Personnel**

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- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Observation - We have examined the payroll on a test basis as documented in our working papers (ref. TT-3). We have examined seven employees which is more than the one-third required by the State AUP. We noted no deficiencies or areas of noncompliance with payroll and personnel. We have determined that the leave records are appropriately maintained, that the withholding is proper and payment is made within budget. We have also examined all employees who have left the employ during the current audit period to determine that the accrued leave if due and payable was correct and properly supported. We have also determined that the payroll is within the approved budgeted amounts.**

#### **Ethics**

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**Finding – although the Housing Authority has adopted an Ethics policy during the year and the Board has approved this in the minutes of the Board meeting, there is no written verification that the employees have read the document. We recommend that the Housing Authority maintain a file with the official policy and signatures are obtained from all employees and Board members. Also, all employees have obtained the required amount of training in Ethics, the Board of Commissioners have not attended or documented compliance with the State requirements.**

#### **Debt Service**

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting

documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***N/A – There is no debt service at agency.***

***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

***N/A – There was none noted during the year.***

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

  
Rector, Reeder & Lofton, P.C.  
Certified Public Accountants

Lawrenceville, Georgia  
December 12, 2018

**Housing Authority of the Town of Ruston  
Ruston, Louisiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS  
JUNE 30, 2018**

<u>Account Description</u>	<u>Business Activities</u>	<u>Public and Indian Housing 14.850</u>	<u>Central Office Cost Center</u>	<u>Elimination</u>	<u>TOTAL</u>
<b>ASSETS:</b>					
<b>CURRENT ASSETS:</b>					
Cash:					
Cash - unrestricted	\$ 643,806	\$ 771,675	\$ 575,452	\$ 0	\$ 1,990,933
Cash - restricted	0	0	0	0	0
Cash - tenant security deposits	450	55,949	0	0	56,399
<b>Total Cash</b>	<b>644,256</b>	<b>827,624</b>	<b>575,452</b>	<b>0</b>	<b>2,047,332</b>
Accounts and notes receivables:					
Accounts receivable - HUD	0	34,159	0	0	34,159
Accounts receivable - other government	15,671	401	16,712	0	32,784
Accounts receivable - miscellaneous	0	0	0	0	0
Accounts receivable - tenants rents	0	15,226	0	0	15,226
Allowance for doubtful accounts-tenants	0	(1,173)	0	0	(1,173)
Accounts receivable - fraud	0	0	0	0	0
Allowance for doubtful accounts-other	0	0	0	0	0
Notes receivable - current	0	0	0	0	0
Accrued interest receivable	0	93	62	0	155
<b>Total receivables - net</b>	<b>15,671</b>	<b>48,706</b>	<b>16,774</b>	<b>0</b>	<b>81,151</b>
Current investments:					
Investments - unrestricted	0	114,471	142,318	0	256,789
Investments - restricted	0	0	0	0	0
Prepaid expenses and other assets	0	84,993	1,695	0	86,688
Inventories	0	73,015	0	0	73,015
Allowance for obsolete inventories	0	(1)	0	0	(1)
Assets held for sale	0	0	0	0	0
Interprogram due from	0	0	34,159	(34,159)	0
<b>TOTAL CURRENT ASSETS</b>	<b>659,927</b>	<b>1,148,808</b>	<b>770,398</b>	<b>(34,159)</b>	<b>2,544,974</b>
<b>NONCURRENT ASSETS:</b>					
Capital Assets:					
Land	3,000	35,768	0	0	38,768
Buildings	37,000	3,601,846	0	0	3,638,846
Furniture & equipment - dwellings	0	0	0	0	0
Furniture & equipment - admin	0	441,612	44,895	0	486,507
Improvements	0	10,457,546	0	0	10,457,546
Construction in process	0	0	0	0	0
Accumulated depreciation	(16,752)	(10,369,371)	(44,895)	0	(10,431,018)
<b>Total capital assets - net</b>	<b>23,248</b>	<b>4,167,401</b>	<b>0</b>	<b>0</b>	<b>4,190,649</b>
Notes receivable - noncurrent	0	0	0	0	0
Investment in joint ventures	0	0	0	0	0
<b>TOTAL NONCURRENT ASSETS</b>	<b>23,248</b>	<b>4,167,401</b>	<b>0</b>	<b>0</b>	<b>4,190,649</b>
<b>TOTAL ASSETS</b>	<b>\$ 683,175</b>	<b>\$ 5,316,209</b>	<b>\$ 770,398</b>	<b>\$ (34,159)</b>	<b>\$ 6,735,623</b>



**Housing Authority of the Town of Ruston  
Ruston, Louisiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS  
JUNE 30, 2018**

<u>Account Description</u>	<u>Business Activities</u>	<u>Public and Indian Housing 14,850</u>	<u>Central Office Cost Center</u>	<u>Elimination</u>	<u>TOTAL</u>
<b>LIABILITIES AND NET POSITION:</b>					
<b>LIABILITIES:</b>					
<b>CURRENT LIABILITIES:</b>					
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	400	0	33,291	0	33,691
Accrued salaries/payroll withholding	0	0	12,211	0	12,211
Accrued compensated absences	0	8,431	4,139	0	12,570
Accrued interest payable	0	0	0	0	0
Accounts payable - HUD PHA programs	0	0	0	0	0
Accounts payable - other gov.	0	0	0	0	0
Tenant security deposits	450	55,949	0	0	56,399
Unearned revenue	0	5,920	0	0	5,920
Current portion of L-T debt - capital borrowings	0	0	0	0	0
Other current liabilities	0	0	0	0	0
Interprogram (due to)	0	34,159	0	(34,159)	0
<b>TOTAL CURRENT LIABILITIES</b>	<u>850</u>	<u>104,459</u>	<u>49,641</u>	<u>(34,159)</u>	<u>120,791</u>
<b>NONCURRENT LIABILITIES:</b>					
Long-term debt, net of current - capital projects	0	0	0	0	0
Accrued comp. absences - long term	0	16,942	10,134	0	27,076
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>0</u>	<u>16,942</u>	<u>10,134</u>	<u>0</u>	<u>27,076</u>
<b>TOTAL LIABILITIES</b>	<u>850</u>	<u>121,401</u>	<u>59,775</u>	<u>(34,159)</u>	<u>147,867</u>
<b>NET POSITION:</b>					
Net investment in capital assets	23,248	4,167,401	0	0	4,190,649
Restricted	0	0	0	0	0
Unrestricted	659,077	1,027,407	710,623	0	2,397,107
<b>TOTAL NET POSITION</b>	<u>682,325</u>	<u>5,194,808</u>	<u>710,623</u>	<u>0</u>	<u>6,587,756</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 683,175</u>	<u>\$ 5,316,209</u>	<u>\$ 770,398</u>	<u>\$ (34,159)</u>	<u>\$ 6,735,623</u>

**Housing Authority of the Town of Ruston  
Ruston, Louisiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Account Description</u>	Business Activities	Public and Indian Housing 14.850	Central Office Cost Center	Elimination	TOTAL
<b>REVENUES:</b>					
Net tenant rental revenue	\$ 5,400	\$ 768,556	\$ 0	\$ 0	\$ 773,956
Tenant revenue - other	180	250,943	0	0	251,123
Total tenant revenue	<u>5,580</u>	<u>1,019,499</u>	<u>0</u>	<u>0</u>	<u>1,025,079</u>
HUD PHA grants - operating	0	896,153	0	0	896,153
HUD PHA grants - capital	0	233,146	0	0	233,146
Management fee	0	0	221,743	(221,743)	0
Asset management fee	0	0	35,880	(35,880)	0
Bookkeeping fee	0	0	25,950	(25,950)	0
Front line service fee	0	0	0	0	0
Other government grants	0	0	0	0	0
Investment income - unrestricted	1,899	3,125	2,085	0	7,109
Mortgage interest income	0	0	0	0	0
Fraud income	0	115	14,000	0	14,115
Other revenue	106,056	19,785	2,649	0	128,490
Investment income - restricted	0	0	0	0	0
Gain/(loss) on disposition	0	0	0	0	0
<b>TOTAL REVENUES</b>	<u>\$ 113,535</u>	<u>\$ 2,171,823</u>	<u>\$ 302,307</u>	<u>\$ (283,573)</u>	<u>\$ 2,304,092</u>
<b>EXPENSES:</b>					
Administrative:					
Administrative salaries	\$ 0	\$ 63,863	\$ 81,768	\$ 0	\$ 145,631
Compensated absences	0	0	0	0	0
Auditing fees	0	7,740	5,000	0	12,740
Management fees	0	221,743	0	(221,743)	0
Bookkeeping fees	0	25,950	0	(25,950)	0
Advertising & marketing	0	0	0	0	0
Employee benefits - administrative	0	49,002	29,218	0	78,220
Office expense	0	18,355	4,813	0	23,168
Legal expense	0	853	0	0	853
Travel expense	0	5,882	0	0	5,882
Other operating - administrative	5,856	70,931	52,081	0	128,868
Total Administrative Expense	<u>5,856</u>	<u>464,319</u>	<u>172,880</u>	<u>(247,693)</u>	<u>395,362</u>
Asset management fee	<u>0</u>	<u>35,880</u>	<u>0</u>	<u>(35,880)</u>	<u>0</u>
Tenant services:					
Tenant services - salaries	0	12,347	0	0	12,347
Employee benefits - tenant services	0	3,323	0	0	3,323
Other tenant services	0	71,030	0	0	71,030
Total Tenant Services	<u>0</u>	<u>86,700</u>	<u>0</u>	<u>0</u>	<u>86,700</u>
Utilities:					
Water	0	21,943	0	0	21,943
Electricity	0	189,893	0	0	189,893
Gas	744	5,551	0	0	6,295
Sewer	0	62,688	0	0	62,688
Other utilities	0	0	0	0	0
Employee benefits - utilities	0	0	0	0	0
Total Utilities Expense	<u>744</u>	<u>280,075</u>	<u>0</u>	<u>0</u>	<u>280,819</u>

**Housing Authority of the Town of Ruston  
Ruston, Louisiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Account Description</u>	Business Activities	Public and Indian Housing 14.850	Central Office Cost Center	Elimination	TOTAL
<b>Ordinary Maintenance &amp; Operation:</b>					
Labor	12,793	244,928	0	0	257,721
Materials	9,388	106,553	0	0	115,941
Employee benefit contributions	979	131,238	0	0	132,217
Garbage & trash removal contracts	0	25,879	0	0	25,879
Heating & cooling contracts	0	0	0	0	0
Snow removal contracts	0	0	0	0	0
Elevator maintenance contracts	0	0	0	0	0
Landscape & grounds contracts	0	14,933	0	0	14,933
Unit turnaround contracts	875	15,653	0	0	16,528
Electrical contracts	280	0	0	0	280
Plumbing contracts	0	478	0	0	478
Extermination contracts	367	33,009	0	0	33,376
Janitorial contracts	0	0	0	0	0
Routine maintenance contracts	26,182	0	0	0	26,182
Contract costs - other	2,573	143,168	0	0	145,741
<b>Total Ordinary Maintenance &amp; Operation</b>	<b>53,437</b>	<b>715,839</b>	<b>0</b>	<b>0</b>	<b>769,276</b>
<b>Protective services:</b>					
Protective services - salaries	0	36,454	0	0	36,454
Employee benefits - protective services	0	880	0	0	880
Other protective services	0	0	0	0	0
<b>Total Protective Services</b>	<b>0</b>	<b>37,334</b>	<b>0</b>	<b>0</b>	<b>37,334</b>
<b>Insurance Premiums:</b>					
Property insurance	0	82,925	0	0	82,925
Liability insurance	0	18,351	0	0	18,351
Workmen's compensation	0	16,094	0	0	16,094
Insurance - other	574	12,133	1,440	0	14,147
<b>Total Insurance Premiums</b>	<b>574</b>	<b>129,503</b>	<b>1,440</b>	<b>0</b>	<b>131,517</b>
<b>General Expenses:</b>					
Compensated absence expense	0	17,524	8,637	0	26,161
Other general expense	0	0	0	0	0
Payments in lieu of taxes	0	0	0	0	0
Bad debt - tenant rents	0	79,356	0	0	79,356
Bad debt - mortgages	0	0	0	0	0
Severance expense	0	0	0	0	0
<b>Total General Expenses</b>	<b>0</b>	<b>96,880</b>	<b>8,637</b>	<b>0</b>	<b>105,517</b>
<b>Financial Expenses:</b>					
Interest expense - Mortgage Payable	0	0	0	0	0
Interest expense - Notes Payable	0	0	0	0	0
Amortization - issuance costs	0	0	0	0	0
<b>Total Financial Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>60,611</b>	<b>1,846,530</b>	<b>182,957</b>	<b>(283,573)</b>	<b>1,806,525</b>
<b>EXCESS OPERATING REVENUE</b>	<b>52,924</b>	<b>325,293</b>	<b>119,350</b>	<b>0</b>	<b>497,567</b>

**Housing Authority of the Town of Ruston  
Ruston, Louisiana**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Account Description</u>	<u>Business Activities</u>	<u>Public and Indian Housing 14,850</u>	<u>Central Office Cost Center</u>	<u>Elimination</u>	<u>TOTAL</u>
Other Expenses:					
Extraordinary maintenance	0	0	0	0	0
Casualty losses	0	(22,835)	0	0	(22,835)
Housing assistance payments	0	0	0	0	0
Depreciation expense	1,234	441,541	0	0	442,775
<b>Total Other Expenses</b>	<u>1,234</u>	<u>418,706</u>	<u>0</u>	<u>0</u>	<u>419,940</u>
<b>TOTAL EXPENSES</b>	<u>\$ 61,845</u>	<u>\$ 2,265,236</u>	<u>\$ 182,957</u>	<u>\$ (283,573)</u>	<u>\$ 2,226,465</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 51,690</u>	<u>\$ (93,413)</u>	<u>\$ 119,350</u>	<u>\$ 0</u>	<u>\$ 77,627</u>
Transfer of funds - in	0	50,000	0	(50,000)	0
Transfer of funds - out	0	(50,000)	0	50,000	0
Transfer of equity	0	0	0	0	0
Prior period adjustments	0	0	0	0	0
<b>Beginning Net Position</b>	<u>630,635</u>	<u>5,288,221</u>	<u>591,273</u>	<u>0</u>	<u>6,510,129</u>
<b>Ending Net Position</b>	<u>\$ 682,325</u>	<u>\$ 5,194,808</u>	<u>\$ 710,623</u>	<u>\$ 0</u>	<u>\$ 6,587,756</u>
<b>Units Available</b>	<b>12</b>	<b>3,520</b>	<b>-</b>	<b>-</b>	<b>3,532</b>
<b>Units Leased</b>	<b>12</b>	<b>3,472</b>	<b>-</b>	<b>-</b>	<b>3,484</b>

Housing Authority of the Town of Ruston  
Ruston, Louisiana

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS**  
**JUNE 30, 2018**

	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<b><u>FEDERAL GRANTOR</u></b>			
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</u></b>			
<b>Public Housing:</b>			
Public and Indian Housing	A - Major	14.850	\$ 789,264
Public Housing Capital Fund	B - Nonmajor	14.872	<u>340,035</u>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<b>\$ <u><u>1,129,299</u></u></b>
 <b>Threshold for Type A &amp; Type B</b>			 <b>\$ <u><u>750,000</u></u></b>

The accompanying notes to the Schedule of Expenditures of Federal Financial Awards is an integral part of this schedule.

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**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 Uniform Guidance.

**NOTE B - SUBRECIPIENTS:**

The Housing Authority of the Town of Ruston provided no federal awards to subrecipients during the fiscal year ending June 30, 2018.

**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, 2018.
- 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, 2018.
- The auditee did not elect to use the 10% de minimis cost rate.
- The Housing Authority of the Town of Ruston maintains the following limits of insurance as of June 30, 2018:

Property	\$ 24,992,280
Liability	\$ 1,000,000
Commercial Auto	\$ 1,000,000
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

**SCHEDULE OF EXPENDITURES OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Agency Head: Woody Whittington, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 88,124
Benefits - insurance	18,394
Benefits - retirement	8,812
Car allowance	4,800
Per diem/travel	318
Registration fees	<u>450</u>
	<u>\$ 120,898</u>

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

**SUPPLEMENTAL INFORMATION  
SPECIAL REPORTS**

**YEAR ENDED JUNE 30, 2018**



Housing Authority of the Town of Ruston  
Ruston, Louisiana

**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**June 30, 2018**

**LA48PO5450114**

- 1 The Actual Modernization Costs of Phase 501-14 were:

Funds Approved	\$	327,233
Funds Expended		<u>327,233</u>
Excess of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	327,233
Funds Expended		<u>327,233</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

- 2 All audit additions were in the prior audit periods and accordingly were not reaudited by Rector, Reeder & Lofton, P.C.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate dated March 23, 2017, as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of the Town of Ruston  
Ruston, Louisiana

**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
**June 30, 2018**

**LA48PO5450115**

- 1 The Actual Modernization Costs of Phase 501-15 were:

Funds Approved	\$	335,232
Funds Expended		<u>335,232</u>
Excess of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	335,232
Funds Expended		<u>335,232</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

- 2 Audit period additions were \$500 and according were audited by Rector, Reeder & Lofton, P.C.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate dated October 5, 2018, as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of the Town of Ruston  
Ruston, Louisiana

STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS  
June 30, 2018

LA48PO5450116

1 The Actual Modernization Costs of Phase 501-16 were:

Funds Approved	\$	349,073
Funds Expended		<u>349,073</u>
Excess of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	349,073
Funds Expended		<u>349,073</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

- 2 Audit period additions were \$1,773.62 and according were audited by Rector, Reeder & Lofton, P.C.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate dated October 5, 2018, as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.