

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

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

**YEAR ENDED JUNE 30, 2022**

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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, 2022**



## 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 the Audit of Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities of the Housing Authority of the Town of Ruston as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise the Housing Authority of the Town of Ruston's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Town of Ruston, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the Town of Ruston and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Ruston's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Housing Authority of the Town of Ruston's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Ruston's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquiries 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 procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Ruston's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by 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 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 basic 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 basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Financial Data Schedules and the Schedule of Expenditures of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Office are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2022, on our consideration of the Housing Authority of the Town of Ruston's internal control over financial reporting and on 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 our 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 the Housing Authority of the Town of Ruston's 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 Housing Authority of the Town of Ruston's internal control over financial reporting and compliance.

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

Loganville, Georgia  
December 13, 2022

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

**MANAGEMENT DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2022**

# **HOUSING AUTHORITY OF THE TOWN OF RUSTON MANAGEMENT'S DISCUSSION & ANALYSIS FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022. 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, 2022.

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 \$551,035 or 7.60%. Since the Authority engages only in business-type activities, the increase is in the category of business-type net position. Net position was \$7,805,958 and \$7,254,923 for FY 2022 and FY 2021, respectively.
- The Authority's cash and investments balance as of June 30, 2022, was \$2,780,818 representing an increase of \$115,700 from June 30, 2021.
- The Authority had total revenues of \$3,264,292 and total expenses of \$2,713,257 for the year ended June 30, 2022.

## **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**

	2022	2021	Total Change	% Change
Current Assets	\$ 3,122,372	\$ 2,969,722	\$ 152,650	5.14%
Capital Assets	4,927,577	4,484,308	443,269	9.88%
<b>Total Assets</b>	<b>\$ 8,049,949</b>	<b>\$ 7,454,030</b>	<b>\$ 595,919</b>	<b>7.99%</b>
Current Liabilities	\$ 207,833	\$ 162,163	\$ 45,670	28.16%
Noncurrent Liabilities	36,158	36,944	(786)	-2.13%
<b>Total Liabilities</b>	<b>243,991</b>	<b>199,107</b>	<b>44,884</b>	<b>22.54%</b>
Net Investment in Capital Assets	4,927,577	4,484,308	443,269	9.88%
Unrestricted	2,878,381	2,770,615	107,766	3.89%
<b>Total Net Position</b>	<b>7,805,958</b>	<b>7,254,923</b>	<b>551,035</b>	<b>7.60%</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 8,049,949</b>	<b>\$ 7,454,030</b>	<b>\$ 595,919</b>	<b>7.99%</b>

Total assets increased by \$595,919 or 7.99%. Current assets increased by \$152,650 or 5.14%, due primarily to cash and investments increasing by \$115,700 or 4.34%. Total receivables also increased by \$20,640 or 21.02% due to an increase in amounts due from HUD of \$62,717. Capital assets increased by \$443,269 or 9.88%.

Current liabilities increased by \$45,670 or 28.16%, which is due primarily to vendors' payable and amounts due from the managed entity. Noncurrent liabilities decreased by \$786 or 2.13%.

As illustrated in the above Comparative Statement of Net Position, the overall Net Position of the Authority increased by \$551,035 or 7.60%. Unrestricted Net Position increased by \$107,766 or 3.89%, due to positive operating results and Net Investment in Capital Assets increased by \$443,269 or 9.88% due to capital improvements made during the year.

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**

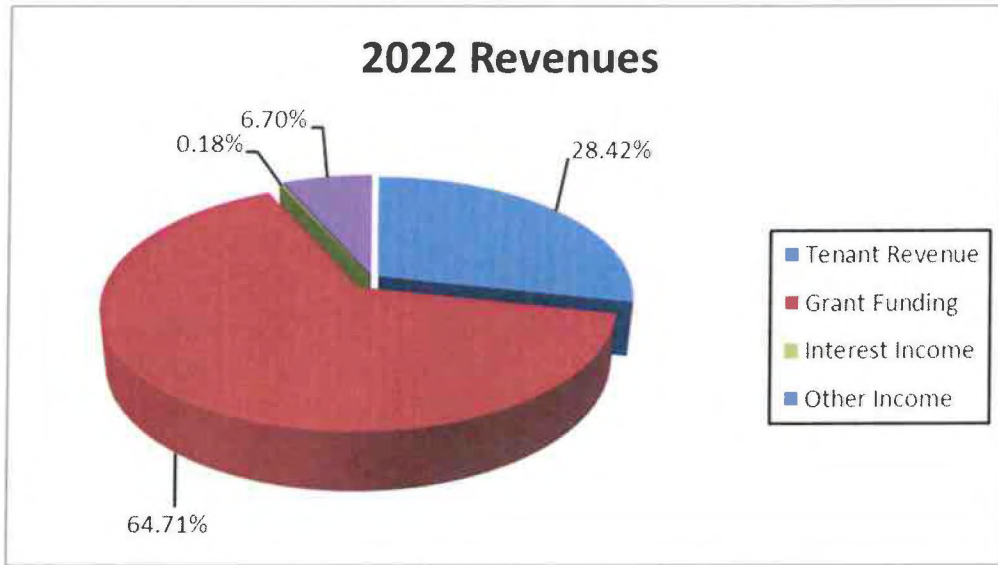
	<u>2022</u>	<u>2021</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	\$ 927,667	\$ 861,893	\$ 65,774	7.63%
Grant Funding	2,112,260	1,478,244	634,016	42.89%
Interest Income	5,785	5,355	430	8.03%
Other Income	218,580	241,907	(23,327)	-9.64%
<b>Total Revenue</b>	<b><u>3,264,292</u></b>	<b><u>2,587,399</u></b>	<b><u>676,893</u></b>	<b><u>26.16%</u></b>
Administration	574,626	531,257	43,369	8.16%
Tenant Services	26,651	68,419	(41,768)	-61.05%
Utilities	304,103	288,915	15,188	5.26%
Protective Services	50,933	52,091	(1,158)	-2.22%
Maintenance	997,855	873,669	124,186	14.21%
General	312,536	270,952	41,584	15.35%
Depreciation	446,553	411,765	34,788	8.45%
<b>Total Expenses</b>	<b><u>2,713,257</u></b>	<b><u>2,497,068</u></b>	<b><u>216,189</u></b>	<b><u>8.66%</u></b>
Change in Net Position	551,035	90,331	460,704	510.02%
Beginning Net Position	7,254,923	7,164,592	90,331	1.26%
<b>Ending Net Position</b>	<b><u>\$ 7,805,958</u></b>	<b><u>\$ 7,254,923</u></b>	<b><u>\$ 551,035</u></b>	<b><u>7.60%</u></b>

**Housing Authority of the Town of Ruston**  
**Statement of Revenues, Expenses, and Changes in Net Position - By Program**  
**For Year Ended June 30, 2022**  
**TABLE III**

	<b>Public &amp; Indian Housing</b>	<b>Central Office</b>	<b>Business Activities</b>	<b>MTW</b>	<b>Eliminations</b>	<b>Total</b>
Tenant Revenue	\$ 921,320	\$ -	\$ 6,347	\$ -	\$ -	\$ 927,667
Grant Funding	52,269	-	-	2,059,991	-	2,112,260
Interest Income	1,620	2,615	1,550	-	-	5,785
Other Income	56,574	324,602	162,006	-	(324,602)	218,580
<b>Total Revenue</b>	<b>1,031,783</b>	<b>327,217</b>	<b>169,903</b>	<b>2,059,991</b>	<b>(324,602)</b>	<b>3,264,292</b>
Administration	631,947	221,362	10,039	-	(288,722)	574,626
Asset Management	35,880	-	-	-	(35,880)	-
Tenant Services	26,351	-	300	-	-	26,651
Utilities	303,998	-	105	-	-	304,103
Maintenance	950,992	-	46,863	-	-	997,855
Protective Services	50,933	-	-	-	-	50,933
General	301,729	10,335	472	-	-	312,536
Interest	-	-	-	-	-	-
Depreciation	445,320	-	1,233	-	-	446,553
<b>Total Expenses</b>	<b>2,747,150</b>	<b>231,697</b>	<b>59,012</b>	<b>-</b>	<b>(324,602)</b>	<b>2,713,257</b>
<b>Change in Net Position</b>	<b>(1,715,367)</b>	<b>95,520</b>	<b>110,891</b>	<b>2,059,991</b>	<b>-</b>	<b>551,035</b>
Transfer of Funds	2,059,991	-	-	(2,059,991)	-	-
Beginning Net Position	5,320,481	989,182	945,260	-	-	7,254,923
<b>Ending Net Position</b>	<b>\$ 5,665,105</b>	<b>\$ 1,084,702</b>	<b>\$ 1,056,151</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,805,958</b>

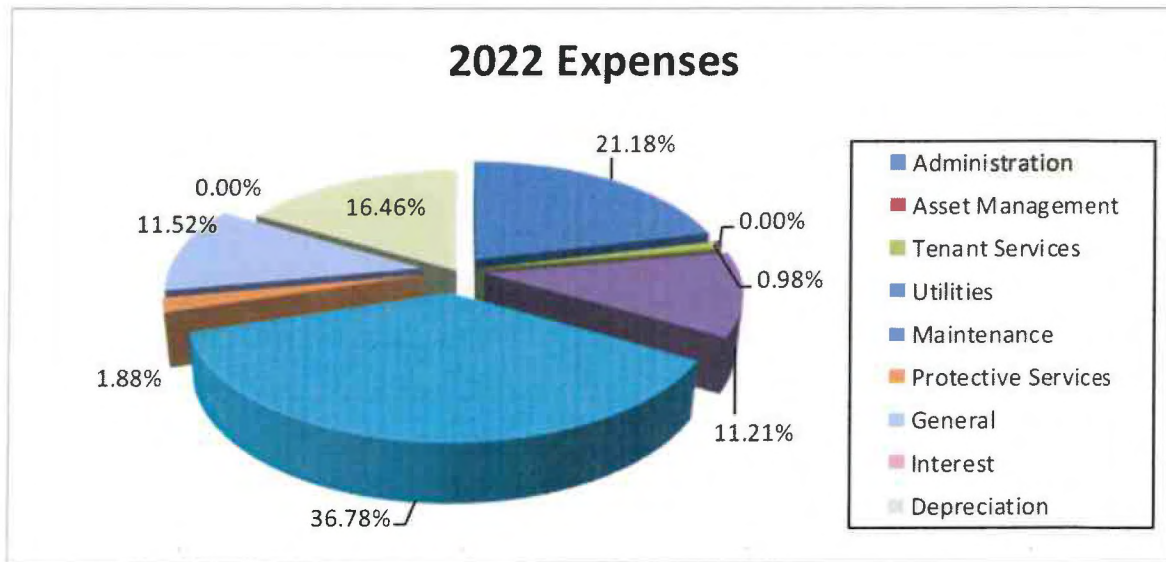
## REVENUES

In reviewing the Statement of Revenues, Expenses, and Changes in Net Position, you will find that 64.71% 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 28.42% of total revenue. Other Revenue, including insurance proceeds, Interest from Investments, and Property, Grant, and Asset Management Fees to the Central office comprises the remaining 6.88%. Compared to the Fiscal Year Ended June 30, 2021, revenues showed an overall increase of \$676,893 or 26.16% due primarily to increased capital fund draws used for capital improvements during the year. Tenant revenue and other income also increased.



## EXPENSES

The Housing Authority of the Town of Ruston experienced an increase in expenses of \$216,189 or 8.66%. Expenses were \$2,497,068 in FY2021, compared to \$2,713,257 in FY2022.



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 2021, administrative costs increased by \$43,369 or 8.16% due to increases in salary expense and other operating sundry accounts.

**Tenant Services** - Tenant services costs include all costs incurred by the Authority to provide social services to the residents. Tenant Services costs decreased by \$41,768 or 61.05% due to funds received from the CARES Act in the prior period providing services to tenants in combatting the spread of COVID-19.

**Utilities** - The total utilities expense increased by \$15,188 or 5.26% due to increased rates.

**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 increased by \$124,186 or 14.21% due primarily to increased contracts costs of \$60,585 and increased materials of \$47,538 due to higher costs and increased unit improvements.

**General Expenses** - General expenses include insurance costs, property taxes, compensated absences and collection losses. General expenses for the Authority increased by \$41,584 or 15.35% due to increases in insurance expense of \$24,994, compensated absences of \$3,320 and bad debt write-offs of \$13,270.

**Depreciation Expense** – Depreciation expense increased by \$34,788 or 8.45% due to more assets placed into service in the current year.

## CAPITAL ASSETS

As of June 30, 2022, the Authority experienced a net increase in its capital assets of \$443,269 or 9.88% to \$4,927,577. The following chart illustrates the Capital Asset values for 2022 and 2021.

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

	2022	2021	Total Change	% Change
Land	\$ 38,768	\$ 38,768	\$ -	0.00%
Buildings & improvements	16,323,693	15,460,221	863,472	5.59%
Equipment	600,926	574,575	26,351	4.59%
Construction in Progress	-	-	-	0.00%
	<u>16,963,387</u>	<u>16,073,564</u>	<u>889,823</u>	<u>5.54%</u>
Accumulated Depreciation	<u>(12,035,810)</u>	<u>(11,589,256)</u>	<u>(446,554)</u>	<u>3.85%</u>
<b>Total Capital Assets</b>	<u><u>\$ 4,927,577</u></u>	<u><u>\$ 4,484,308</u></u>	<u><u>\$ 443,269</u></u>	<u><u>9.88%</u></u>

Major changes in the capital asset accounts are summarized below:

Balance at July 1, 2021	\$ 4,484,308
Current period additions – capital fund	802,957
Current period additions – operations	86,865
Current period depreciation expense	<u>(446,553)</u>
Balance at June 30, 2022	<u>\$ 4,927,577</u>

## **DEBT OBLIGATIONS**

As of June 30, 2022, 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
- Health care and other insurance costs continue to increase dramatically due to the Affordable Care Act.
- The current inflation rate in the United States is the highest it has been in forty years. This is causing prices to skyrocket and is making it more expensive for the Housing Authority to operate, and may make it more difficult for tenants to pay their rent. There is no timeframe on when relief is expected from these historic price increases, and it has yet to be determined if governmental assistance will be increased in the next calendar year.

## **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, 2022**

Housing Authority of the Town of Ruston  
Ruston, Louisiana

STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS

Current Assets

Cash & cash equivalents - unrestricted	\$	2,714,266
Cash & cash equivalents - restricted		66,552
Accounts receivable, net		118,838
Prepaid expenses		165,466
Inventories, net		<u>57,250</u>
Total Current Assets		<u>3,122,372</u>

Noncurrent Assets

Capital Assets:

Land		38,768
Buildings & improvements		16,323,693
Furniture & equipment		<u>600,926</u>
		16,963,387
Less: Accumulated depreciation		<u>(12,035,810)</u>
Total Capital Assets		<u>4,927,577</u>

Total Noncurrent Assets 4,927,577

**TOTAL ASSETS** \$ 8,049,949

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



**LIABILITIES & NET POSITION**

**Current Liabilities**

Accounts payable	\$ 102,437
Accrued liabilities	26,309
Unearned revenue	12,535
Tenant security deposits/escrow deposits	<u>66,552</u>
 Total Current Liabilities	 <u>207,833</u>

**Noncurrent Liabilities**

Accrued liabilities - noncurrent	<u>36,158</u>
 Total Noncurrent Liabilities	 <u>36,158</u>
 TOTAL LIABILITIES	 <u>243,991</u>

**Net Position**

Net investment in capital assets	4,927,577
Unrestricted	<u>2,878,381</u>
 TOTAL NET POSITION	 <u>7,805,958</u>
 <b>TOTAL LIABILITIES &amp; NET POSITION</b>	 <b>\$ <u><u>8,049,949</u></u></b>

Housing Authority of the Town of Ruston  
Ruston, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b><u>Operating Revenues</u></b>	
Tenant revenue	\$ 927,667
Governmental grants & subsidy	1,309,303
Other income	218,580
<b>Total Operating Revenue</b>	<b>2,455,550</b>
 <b><u>Operating Expenses</u></b>	
Administration	574,626
Tenant services	26,651
Utilities	304,103
Maintenance & operations	997,855
Protective services	50,933
General expense	312,536
Depreciation expense	446,553
<b>Total Operating Expense</b>	<b>2,713,257</b>
<b>Net Operating Income/(Loss)</b>	<b>(257,707)</b>
 <b><u>Nonoperating Revenues/(Expenses)</u></b>	
Investment income	5,785
Gain/(loss) on disposition of capital assets	-
<b>Net Nonoperating Revenues/(Expenses)</b>	<b>5,785</b>
<b>Net Income/(Loss) before capital grants</b>	<b>(251,922)</b>
Capital grants	<b>802,957</b>
<b>Increase/(Decrease) in Net Position</b>	<b>551,035</b>
Total Net Position - beginning	<b>7,254,923</b>
<b>Total Net Position - ending</b>	<b>\$ 7,805,958</b>

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, 2022**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Receipts from customers and users	\$ 1,146,247
Governmental grants & subsidy - operations	1,309,303
Payments to suppliers	(1,419,335)
Payments to employees	<u>(839,435)</u>
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	<u>196,780</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Proceeds from investments	260,120
Interest received	<u>5,785</u>
NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES	<u>265,905</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
Governmental capital grant fund received	802,957
Additions to capital assets - capital funds	(802,957)
Additions to capital assets - operations	<u>(86,865)</u>
NET CASH PROVIDED/(USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(86,865)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	375,820
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>2,404,998</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 2,780,818</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Net Income/(Loss) from operations	\$ (257,707)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	446,553
Decrease (Increase) in accounts receivable	(20,640)
Decrease (Increase) in prepaid expenses	(33,167)
Decrease (Increase) in inventory	16,857
Increase (Decrease) in accounts payable	43,277
Increase (Decrease) in accrued liabilities	(1,513)
Increase (Decrease) in unearned revenue	3,539
Increase (Decrease) in security/trust deposits	<u>(419)</u>
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	<u>\$ 196,780</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, 2022**

**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, 2022**  
(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.
4. Moving to Work Demonstration Program – During the current fiscal year, the Authority has entered into the Moving to Work (MTW) program, which allows the Authority the opportunity to design and test innovative, locally designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW allows PHAs exemptions from many existing public housing and voucher rules and provides funding flexibility with how they use their Federal funds.

**Encumbrances** - The Authority does not use encumbrance accounting.

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

***Other particulars related to balance sheet items include:***

**1. Cash and Investments:**

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
(Continued)

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

**2. Buildings and Equipment:**

Buildings and equipment are carried at historical costs. Donated assets are recorded at fair market value at the date of the donation. 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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
(Continued)

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

**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.

**9. New Accounting Pronouncements:**

During FY 2022, the Authority implemented GASB 87, Leases, which was effective for fiscal years beginning after June 15, 2021. The Authority and the Auditor reviewed the outstanding leases and determined these to be immaterial to the financial statements, and therefore, no adjustments or disclosures were made.

**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, 2022, the Authority's cash and cash equivalents deposits had a carrying amount of \$2,780,768 and bank balances of \$2,839,297. Of the bank balances held in various financial institutions, \$952,724 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. At June 30, 2022, the Authority's petty cash/change funds totaled \$50.

**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.

**HOUSING AUTHORITY OF THE TOWN OF RUSTON**  
**Ruston, Louisiana**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
 (Continued)

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

**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.

Cash & Investments at June 30, 2022, are as follows:

Checking accounts	\$ 2,780,768
Petty cash	<u>50</u>
	<u>\$ 2,780,818</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>66,552</u>
Tenant security deposit – liability	<u>\$ 66,552</u>

**Collateralization:**

As of June 30, 2022, 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>		
FNMA II Pool #AQ9442	3138MRP47	\$ 811,215
FHMS KJ26 A2	3128ETS6	192,406
FNMA II Pool #AL8628	3138ETSS6	<u>1,192,704</u>
		<u>\$ 2,196,325</u>



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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
(Continued)

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

Accounts Receivable and Accrued Receivables at June 30, 2022, consisted of the following:

Tenants Accounts Receivable (Net of Allowance - \$1,048)	\$	15,215
Accounts Receivable – HUD		73,304
Accounts Receivable – Other Government		30,005
Accrued Interest Receivable		<u>314</u>
	<b>\$</b>	<b><u>118,838</u></b>

**NOTE D - PREPAID EXPENSES:**

Prepaid expenses at June 30, 2022, consisted of the following:

Prepaid insurance & expenses	\$	165,466
Inventory materials		<u>57,250</u>
	<b>\$</b>	<b><u>222,716</u></b>

**NOTE E - CAPITAL ASSETS:**

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2022:

	<u>Beginning Balances</u>	<u>Additions/ Depreciation</u>	<u>Transfers/ Dispositions</u>	<u>Ending Balances</u>
<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>
<b>Total capital assets not being depreciated</b>	<b>38,768</b>	<b>-</b>	<b>-</b>	<b>38,768</b>
Buildings & improvements	15,460,221	863,472	-	16,323,693
Furniture & equipment	<u>574,575</u>	<u>26,350</u>	<u>1</u>	<u>600,926</u>
<b>Total capital assets being depreciated</b>	<b>16,034,796</b>	<b>889,822</b>	<b>1</b>	<b>16,924,619</b>
Less accumulated depreciation for:				
Buildings & improvements	(11,132,931)	(412,749)	(1)	(11,545,681)
Furniture & equipment	<u>(456,325)</u>	<u>(33,804)</u>	<u>-</u>	<u>(490,129)</u>
<b>Total accumulated depreciation</b>	<b>(11,589,256)</b>	<b>(446,553)</b>	<b>(1)</b>	<b>(12,035,810)</b>
<b>Total capital assets being depreciated</b>	<b>4,445,540</b>			<b>4,888,809</b>
<b>Enterprise activity capital assets, net</b>	<b>\$ 4,484,308</b>			<b>\$ 4,927,577</b>
Balance at July 1, 2021				\$ 4,484,308
Current period additions – capital fund				802,957
Current period additions – operations				86,865
Current period depreciation expense				<u>(446,553)</u>
Balance at June 30, 2022				<b><u>\$ 4,927,577</u></b>

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
(Continued)

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

Accounts Payable and Accrued liabilities at June 30, 2022, consisted of the following:

Vendors & contractors	\$	102,437
Accrued compensated absences-current		15,458
Accrued wages		10,851
Tenant security deposits		66,552
Unearned revenue		<u>12,535</u>
	<u>\$</u>	<u>207,833</u>

**NOTE G - OTHER NONCURRENT LIABILITIES:**

Other noncurrent liabilities at June 30, 2022, consisted of the noncurrent portion of accrued compensated absences of \$36,158. The change in liabilities follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Compensated absences	\$ 53,125	\$ 35,558	\$ (37,067)	\$ 51,616	\$ 15,458

**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.

**NOTE I - ASSET IMPAIRMENT:**

In accordance with financial reporting standards issued by the Government Accounting Standards Board's, Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. During the fiscal year ended June 30, 2022, the Housing Authority of the Town of Ruston experienced no permanent material impairments during the audit period.

**NOTE J - 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, 2022.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

(Continued)

**NOTE K - 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, 2022, was \$394,091.

The Employees are required to contribute 4.00% of their annual covered salary and the Housing Authority is required to contribute at a rate of 10.50% 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, 2022 was \$41,371 and the total pension contribution for the year was \$64,718.

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

**NOTE L - RISK MANAGEMENT:**

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

The Authority participates in public entity risk pool (Louisiana 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 M - 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 N - 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 13, 2022, 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, 2022**



**INDEPENDENT AUDITOR'S 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**

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, 2022, 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 13, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Town of Ruston's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Ruston's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Ruston'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Housing Authority of the Town of Ruston'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 or significant deficiencies may exist that were not identified.

**Report on 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 financial statements. 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, PC*  
Certified Public Accountants

Loganville, Georgia  
December 13, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

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**

***Opinion on Each Major Federal Program***

We have audited the Housing Authority of the Town of Ruston's compliance with the types of compliance requirements identified as subject to audit in the *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, 2022. 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.

In our opinion, the Authority 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve override of internal control. Non-compliance with the compliance

requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the 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, PC*  
Certified Public Accountants

Loganville, Georgia  
December 13, 2022



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

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended June 30, 2021, contained no formal audit findings.

**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>
Any audit findings disclosed that are required to be reported under 2 CFR §200.516(a)?	<b>No</b>
Identification of major program(s):	
CFDA #14.881 – Moving To Work Demonstration	
Dollar threshold used to distinguish between type A and type B programs:	<b>\$750,000</b>
Low Risk Auditee under 2 CFR §200.520?	<b>Yes</b>

**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

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

**SUPPLEMENTAL INFORMATION**

**YEAR ENDED JUNE 30, 2022**

Housing Authority of the Town of Ruston  
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS  
JUNE 30, 2022

FDS Line#	Account Description	Public and Indian Housing 14.850	Public Housing CARES Act Funding 14.PHC	Business Activities	Central Office Cost Center	Formula MTW Program 14.881	Elimination	TOTAL
<b>ASSETS:</b>								
<b>CURRENT ASSETS:</b>								
Cash:								
111	Cash - unrestricted	\$ 571,317	\$ 0	\$ 1,012,729	\$ 1,130,220	\$ 0	\$ 0	\$ 2,714,266
112	Cash - restricted modernization & development	0	0	0	0	0	0	0
113	Cash - other restricted	0	0	0	0	0	0	0
114	Cash - tenant security deposits	66,102	0	450	0	0	0	66,552
115	Cash - restricted for payment of current liabilities	0	0	0	0	0	0	0
100	Total Cash	637,419	0	1,013,179	1,130,220	0	0	2,780,818
Accounts and notes receivables:								
121	Accounts receivable - PHA projects	0	0	0	0	0	0	0
122	Accounts receivable - HUD other projects	73,304	0	0	0	0	0	73,304
124	Accounts receivable - other government	0	0	25,108	4,897	0	0	30,005
125	Accounts receivable - miscellaneous	0	0	0	0	0	0	0
126	Accounts receivable - tenants rents	16,263	0	0	0	0	0	16,263
126.1	Allowance for doubtful accounts - tenants	(1,048)	0	0	0	0	0	(1,048)
126.2	Allowance for doubtful accounts - other	0	0	0	0	0	0	0
127	Notes receivable - current	0	0	0	0	0	0	0
128	Accounts receivable - fraud	0	0	0	0	0	0	0
128.1	Allowance for doubtful accounts-fraud	0	0	0	0	0	0	0
129	Accrued interest receivable	178	0	0	136	0	0	314
120	Total receivables - net	88,697	0	25,108	5,033	0	0	118,838
Current investments:								
131	Investments - unrestricted	0	0	0	0	0	0	0
132	Investments - restricted	0	0	0	0	0	0	0
135	Investments - restricted for payment of current liability	0	0	0	0	0	0	0
142	Prepaid expenses and other assets	159,016	0	0	6,450	0	0	165,466
143	Inventories	57,250	0	0	0	0	0	57,250
143.1	Allowance for obsolete inventories	0	0	0	0	0	0	0
144	Interprogram due from	0	0	0	73,304	0	(73,304)	0
145	Assets held for sale	0	0	0	0	0	0	0
150	TOTAL CURRENT ASSETS	942,382	0	1,038,287	1,215,007	0	(73,304)	3,122,372
<b>NONCURRENT ASSETS:</b>								
Capital Assets:								
161	Land	35,768	0	3,000	0	0	0	38,768
162	Buildings	3,948,420	0	37,000	0	0	0	3,985,420
163	Furniture & equipment - dwellings	0	0	0	0	0	0	0
164	Furniture & equipment - admin	556,031	0	0	44,895	0	0	600,926
165	Leasehold improvements	12,338,273	0	0	0	0	0	12,338,273
166	Accumulated depreciation	(11,969,229)	0	(21,686)	(44,895)	0	0	(12,035,810)
167	Construction in process	0	0	0	0	0	0	0
168	Infrastructure	0	0	0	0	0	0	0
160	Total capital assets - net	4,909,263	0	18,314	0	0	0	4,927,577
171	Notes receivable - noncurrent	0	0	0	0	0	0	0
172	Notes receivable - noncurrent - past due	0	0	0	0	0	0	0
173	Grants receivable - noncurrent	0	0	0	0	0	0	0
174	Other assets	0	0	0	0	0	0	0
176	Investment in joint ventures	0	0	0	0	0	0	0
180	TOTAL NONCURRENT ASSETS	4,909,263	0	18,314	0	0	0	4,927,577
200	Deferred Outflow of Resources	0	0	0	0	0	0	0
290	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	\$ 5,851,645	\$ 0	\$ 1,056,601	\$ 1,215,007	\$ 0	\$ (73,304)	\$ 8,049,949

Housing Authority of the Town of Ruston  
Ruston, Louisiana

FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS  
JUNE 30, 2022

<u>FDS Line#</u>	<u>Account Description</u>	Public and Indian Housing 14.850	Public Housing CARES Act 14.PHC	Business Activities	Central Office Cost Center	Formula MTW Program 14.881	Elimination	TOTAL
<b>LIABILITIES AND NET POSITION:</b>								
<b>LIABILITIES:</b>								
<b>CURRENT LIABILITIES:</b>								
311	Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts payable <= 90 days	0	0	0	102,437	0	0	102,437
313	Accounts payable > 90 days	0	0	0	0	0	0	0
321	Accrued salaries/payroll withholding	0	0	0	10,851	0	0	10,851
322	Accrued compensated absences - current	10,920	0	0	4,538	0	0	15,458
324	Accrued contingency liability	0	0	0	0	0	0	0
325	Accrued interest payable	0	0	0	0	0	0	0
331	Accounts payable - HUD PHA programs	0	0	0	0	0	0	0
332	Accounts payable - PHA projects	0	0	0	0	0	0	0
333	Accounts payable - other gov.	0	0	0	0	0	0	0
341	Tenant security deposits	66,102	0	450	0	0	0	66,552
342	Unearned revenue	12,535	0	0	0	0	0	12,535
343	Current portion of L-T debt - capital projects	0	0	0	0	0	0	0
344	Current portion of L-T debt - operating borrowings	0	0	0	0	0	0	0
345	Other current liabilities	0	0	0	0	0	0	0
346	Accrued liabilities - other	0	0	0	0	0	0	0
347	Interprogram (due to)	73,304	0	0	0	0	(73,304)	0
348	Loan Liability - current	0	0	0	0	0	0	0
310	<b>TOTAL CURRENT LIABILITIES</b>	<u>162,861</u>	<u>0</u>	<u>450</u>	<u>117,826</u>	<u>0</u>	<u>(73,304)</u>	<u>207,833</u>
<b>NONCURRENT LIABILITIES:</b>								
351	Long-term debt, net of current - capital projects	0	0	0	0	0	0	0
352	Long-term debt, net of current - operating borrowings	0	0	0	0	0	0	0
353	Noncurrent liabilities - other	0	0	0	0	0	0	0
354	Accrued comp. absences - long term	23,679	0	0	12,479	0	0	36,158
355	Loan liability - noncurrent	0	0	0	0	0	0	0
356	FASB 5 liabilities	0	0	0	0	0	0	0
357	Accrued pensions & OPEB liabilities	0	0	0	0	0	0	0
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<u>23,679</u>	<u>0</u>	<u>0</u>	<u>12,479</u>	<u>0</u>	<u>0</u>	<u>36,158</u>
300	<b>TOTAL LIABILITIES</b>	<u>186,540</u>	<u>0</u>	<u>450</u>	<u>130,305</u>	<u>0</u>	<u>(73,304)</u>	<u>243,991</u>
400	Deferred Inflow of Resources	0	0	0	0	0	0	0
<b>NET POSITION:</b>								
508.4	Net investment in capital assets	4,909,263	0	18,314	0	0	0	4,927,577
511.4	Restricted	0	0	0	0	0	0	0
512.4	Unrestricted	755,842	0	1,037,837	1,084,702	0	0	2,878,381
513	<b>TOTAL NET POSITION</b>	<u>5,665,105</u>	<u>0</u>	<u>1,056,151</u>	<u>1,084,702</u>	<u>0</u>	<u>0</u>	<u>7,805,958</u>
600	<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 5,851,645</u>	<u>\$ 0</u>	<u>\$ 1,056,601</u>	<u>\$ 1,215,007</u>	<u>\$ 0</u>	<u>\$ (73,304)</u>	<u>\$ 8,049,949</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, 2022**

FDS Line#	Account Description	Public and Indian Housing 14.850	Public Housing CARES Act 14.PHC	Business Activities	Central Office Cost Center	MTW Program 14.881
<b>REVENUES:</b>						
70300	Net tenant rental revenue	\$ 708,417	\$ 0	\$ 5,852	\$ 0	\$ 0
70400	Tenant revenue - other	212,903	0	495	0	0
70500	Total tenant revenue	921,320	0	6,347	0	0
70600	HUD PHA grants - operating	0	52,269	0	0	0
70610	HUD PHA grants - capital	0	0	0	0	0
70710	Management fee	0	0	0	263,342	0
70720	Asset management fee	0	0	0	35,880	0
70730	Bookkeeping fee	0	0	0	25,380	0
70740	Front line service fee	0	0	0	0	0
70750	Other fees	0	0	0	0	0
70700	Total fee revenue	0	0	0	324,602	0
70800	Other government grants	0	0	0	0	0
71100	Investment income - unrestricted	1,620	0	1,550	2,615	0
71200	Mortgage interest income	0	0	0	0	0
71300	Proceeds from disposition of assets held for sale	0	0	0	0	0
71310	Cost of sale of assets	0	0	0	0	0
71400	Fraud recovery	0	0	0	0	0
71500	Other revenue	56,574	0	162,006	0	0
71600	Gain/(loss) on disposition	0	0	0	0	0
72000	Investment income - restricted	0	0	0	0	0
70000	<b>TOTAL REVENUES</b>	<b>\$ 979,514</b>	<b>\$ 52,269</b>	<b>\$ 169,903</b>	<b>\$ 327,217</b>	<b>\$ 0</b>
<b>EXPENSES:</b>						
Administrative:						
91100	Administrative salaries	\$ 125,876	\$ 0	\$ 0	\$ 128,115	\$ 0
91200	Auditing fees	8,250	0	0	5,000	0
91300	Management fees	263,342	0	0	0	0
91310	Bookkeeping fees	25,380	0	0	0	0
91400	Advertising & marketing	1,047	0	0	0	0
91500	Employee benefits - administrative	74,473	0	0	25,270	0
91600	Office expense	19,475	0	0	18,658	0
91700	Legal expense	113	0	15	0	0
91800	Travel expense	7,672	0	169	0	0
91810	Allocated overhead	0	0	0	0	0
91900	Other operating - administrative	104,721	1,598	9,855	44,319	0
91000	Total Administrative Expense	630,349	1,598	10,039	221,362	0
92000	Asset management fee	35,880	0	0	0	0
Tenant services:						
92100	Tenant services - salaries	0	0	0	0	0
92200	Relocation costs	0	0	0	0	0
92300	Employee benefits - tenant services	0	0	0	0	0
92400	Other tenant services	26,351	0	300	0	0
92500	Total Tenant Services	26,351	0	300	0	0

MTW Demonstration Program Low Rent 14.OPS	MTW Demonstration Program Capital Fund 14.CFP	Elimination	TOTAL
\$ 0	\$ 0	\$ 0	\$ 714,269
0	0	0	213,398
0	0	0	927,667
1,059,689	197,345	0	1,309,303
0	802,957	0	802,957
0	0	(263,342)	0
0	0	(35,880)	0
0	0	(25,380)	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	218,580
0	0	0	0
0	0	0	0
<u>\$ 1,059,689</u>	<u>\$ 1,000,302</u>	<u>\$ (324,602)</u>	<u>\$ 3,264,292</u>
\$ 0	\$ 0	\$ 0	\$ 253,991
0	0	0	13,250
0	0	(263,342)	0
0	0	(25,380)	0
0	0	0	1,047
0	0	0	99,743
0	0	0	38,133
0	0	0	128
0	0	0	7,841
0	0	0	0
0	0	0	160,493
0	0	(288,722)	574,626
0	0	(35,880)	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	26,651
0	0	0	26,651

**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, 2022**

FDS Line#	Account Description	Public and Indian Housing 14.850	Public Housing CARES Act 14.PHC	Business Activities	Central Office Cost Center	MTW Program 14.881
Utilities:						
93100	Water	28,188	0	0	0	0
93200	Electricity	157,193	0	0	0	0
93300	Gas	7,684	0	105	0	0
93400	Fuel	0	0	0	0	0
93500	Labor	0	0	0	0	0
93600	Sewer	110,407	0	0	0	0
93700	Employee benefits - utilities	0	0	0	0	0
93800	Other utilities expense	526	0	0	0	0
93000	Total Utilities Expense	<u>303,998</u>	<u>0</u>	<u>105</u>	<u>0</u>	<u>0</u>
Ordinary Maintenance & Operation:						
94100	Labor	335,891	0	13,255	0	0
94200	Materials	119,634	7,353	2,239	0	0
94300	Contracts	351,363	1,210	30,355	0	0
94300-010	Garbage & trash removal contracts	29,987	0	0	0	0
94300-020	Heating & cooling contracts	0	0	0	0	0
94300-030	Snow removal contracts	0	0	0	0	0
94300-040	Elevator maintenance contracts	0	0	0	0	0
94300-050	Landscape & grounds contracts	63,783	0	0	0	0
94300-060	Unit turnaround contracts	0	0	0	0	0
94300-070	Electrical contracts	0	0	0	0	0
94300-080	Plumbing contracts	1,625	0	0	0	0
94300-090	Extermination contracts	22,311	0	612	0	0
94300-100	Janitorial contracts	0	0	0	0	0
94300-110	Routine maintenance contracts	0	0	0	0	0
94300-120	Contract costs - other	233,657	1,210	29,743	0	0
94500	Employee benefit contributions	135,541	0	1,014	0	0
94000	Total Ordinary Maintenance & Operation	<u>942,429</u>	<u>8,563</u>	<u>46,863</u>	<u>0</u>	<u>0</u>
Protective services:						
95100	Protective services - labor	45,949	0	0	0	0
95200	Protective services - other contract costs	0	0	0	0	0
95300	Other protective services	2,684	0	0	0	0
95500	Employee benefits - protective services	2,300	0	0	0	0
95000	Total Protective Services	<u>50,933</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Insurance Premiums:						
96110	Property insurance	134,151	0	0	0	0
96120	Liability insurance	17,252	0	472	0	0
96130	Workmen's compensation	4,770	0	0	0	0
96140	Insurance - other	60,591	0	0	180	0
96100	Total Insurance Premiums	<u>216,764</u>	<u>0</u>	<u>472</u>	<u>180</u>	<u>0</u>

MTW Demonstration Program Low Rent 14.OPS	MTW Demonstration Program Capital Fund 14.CFP	Elimination	TOTAL
0	0	0	28,188
0	0	0	157,193
0	0	0	7,789
0	0	0	0
0	0	0	0
0	0	0	110,407
0	0	0	0
0	0	0	526
<u>0</u>	<u>0</u>	<u>0</u>	<u>304,103</u>
0	0	0	349,146
0	0	0	129,226
0	0	0	382,928
0	0	0	29,987
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	63,783
0	0	0	0
0	0	0	0
0	0	0	1,625
0	0	0	22,923
0	0	0	0
0	0	0	0
0	0	0	264,610
<u>0</u>	<u>0</u>	<u>0</u>	<u>136,555</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>997,855</u>
0	0	0	45,949
0	0	0	0
0	0	0	2,684
0	0	0	2,300
<u>0</u>	<u>0</u>	<u>0</u>	<u>50,933</u>
0	0	0	134,151
0	0	0	17,724
0	0	0	4,770
0	0	0	60,771
<u>0</u>	<u>0</u>	<u>0</u>	<u>217,416</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, 2022**

FDS Line#	Account Description	Public and Indian Housing 14.850	Public Housing CARES Act 14.PHC	Business Activities	Central Office Cost Center	MTW Program 14.881
General Expenses:						
96200	Other general expense	0	0	0	0	0
96210	Compensated absences	25,403	0	0	10,155	0
96300	Payments in lieu of taxes	0	0	0	0	0
96400	Bad debt - tenant rents	59,562	0	0	0	0
96500	Bad debt - mortgages	0	0	0	0	0
96600	Bad debt - other	0	0	0	0	0
96800	Severance expense	0	0	0	0	0
96000	<b>Total General Expenses</b>	<u>84,965</u>	<u>0</u>	<u>0</u>	<u>10,155</u>	<u>0</u>
Financial Expenses:						
96710	Interest expense - Mortgage Payable	0	0	0	0	0
96720	Interest expense - Notes Payable	0	0	0	0	0
96730	Amortization - issuance costs	0	0	0	0	0
96700	<b>Total Financial Expenses</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
96900	<b>TOTAL OPERATING EXPENSE</b>	<u>2,291,669</u>	<u>10,161</u>	<u>57,779</u>	<u>231,697</u>	<u>0</u>
97000	<b>EXCESS OPERATING REVENUE</b>	<u>(1,312,155)</u>	<u>42,108</u>	<u>112,124</u>	<u>95,520</u>	<u>0</u>
Other Expenses:						
97100	Extraordinary maintenance	0	0	0	0	0
97200	Casualty losses	0	0	0	0	0
97300	Housing assistance payments	0	0	0	0	0
97350	HAP portability-in	0	0	0	0	0
97400	Depreciation expense	445,320	0	1,233	0	0
97500	Fraud losses	0	0	0	0	0
97600	Capital outlays - governmental funds	0	0	0	0	0
97700	Debt principal payment - gov't funds	0	0	0	0	0
97800	Dwelling units rents expense	0	0	0	0	0
	<b>Total Other Expenses</b>	<u>445,320</u>	<u>0</u>	<u>1,233</u>	<u>0</u>	<u>0</u>
90000	<b>TOTAL EXPENSES</b>	<u>\$ 2,736,989</u>	<u>\$ 10,161</u>	<u>\$ 59,012</u>	<u>\$ 231,697</u>	<u>\$ 0</u>
10010	Operating transfer in	2,059,991	0	0	0	2,059,991
10020	Operating transfer out	0	0	0	0	(2,059,991)
10100	<b>Total other financing sources (uses)</b>	<u>2,059,991</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
10000	<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 302,516</u>	<u>\$ 42,108</u>	<u>\$ 110,891</u>	<u>\$ 95,520</u>	<u>\$ 0</u>
11030	<b>Beginning Net Position</b>	5,320,481	0	945,260	989,182	0
11040-010	Prior period adjustments	0	0	0	0	0
11040-070	Equity transfers	42,108	(42,108)	0	0	0
	<b>Ending Net Position</b>	<u>\$ 5,665,105</u>	<u>\$ 0</u>	<u>\$ 1,056,151</u>	<u>\$ 1,084,702</u>	<u>\$ 0</u>
11170	Administrative fee equity	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-
11190	<b>Units Available</b>	<b>3,478</b>	-	<b>12</b>	-	-
11210	<b>Units Leased</b>	<b>3,384</b>	-	<b>12</b>	-	-

MTW Demonstration Program Low Rent 14.OPS	MTW Demonstration Program Capital Fund 14.CFP	Elimination	TOTAL
0	0	0	0
0	0	0	35,558
0	0	0	0
0	0	0	59,562
0	0	0	0
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>95,120</u>
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	(324,602)	2,266,704
<u>1,059,689</u>	<u>1,000,302</u>	<u>0</u>	<u>997,588</u>
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	446,553
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>446,553</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>(324,602)</u>	\$ <u>2,713,257</u>
0	0	(4,119,982)	0
<u>(1,059,689)</u>	<u>(1,000,302)</u>	<u>4,119,982</u>	<u>0</u>
<u>(1,059,689)</u>	<u>(1,000,302)</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>551,035</u>
0	0	0	7,254,923
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>7,805,958</u>
-	-	-	-
-	-	-	-
-	-	-	3,490
-	-	-	3,396

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

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS  
JUNE 30, 2022**

	<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 - CARES Act	B - Nonmajor	14.PHC	\$ 52,269
Moving to Work Demonstration	A - Major	14.881	<u>2,059,991</u>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<b>\$ <u>2,112,260</u></b>
<b>Threshold for Type A &amp; Type B</b>			<b>\$ <u>750,000</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, 2022**

**NOTE A - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with 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). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE C - INDIRECT COST RATE:**

The Authority did not elect to use the 10% de minimis cost rate.

**NOTE D - SUBRECIPIENTS:**

The Authority provided no federal awards to subrecipients during the fiscal year ending June 30, 2022.

**NOTE E - 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, 2022.
- 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, 2022.
- The Housing Authority of the Town of Ruston maintains the following limits of insurance as of June 30, 2022:

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, 2022**

***Agency Head: Woody Whittington, Executive Director***

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 109,420
Benefits - insurance	19,553
Less Withholding	(2,784)
Benefits - retirement	11,471
Car allowance	4,800
Per diem/travel	-
Registration fees	-
	<u>\$ 142,460</u>

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

**STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



*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, 2021 through June 30, 2022. 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 whether 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.
  - 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).

***Finding – Although the Authority has adopted a collections policy, this policy does not reflect the procedures involved in collections. We recommend the Authority revise the existing policy to reflect the procedures and control measures in place over receipts and collections***

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

**Finding – We noted there is discussion of approval of annual and sick time within the Personnel policy. However, we feel that these discussions do not meet the requirements of the AUP. We recommend the Authority produce a stand-alone payroll policy that documents the procedures and controls surrounding payroll.**

- 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).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- 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.**

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Finding – At the time of our review, the Authority does not have a policy in place discussing the controls and procedures surrounding Information Technology Disaster Recovery/Business Continuity. We recommend the Authority adopt a policy that reflects these controls and procedures.**

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Finding – We noted a discussion on sexual harassment within the Personnel Policy. However, we do not feel that this discussion addresses all of the requirements in the statute. We recommend the Authority adopt a policy that adheres to all aspects of the statute.**

#### **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 whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-



actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit 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 unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned 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 entity 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 each selected 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 or 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 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 April 2022 and June 2022. These bank reconciliations are dated by the computer system, signed by the preparer (fee accountant) and signed by one of the Board members. This procedure is documented in our working papers.**

### **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.**

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 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/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
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 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 and the cash is stored securely in a locked safe or drawer).
  - 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 four total deposits from two different months to determine the propriety of collections. Due to the method of selection for our standard cash receipts testing, we chose to examine two random deposits from April 2022 as well (ref. PL-10/2). No additional comment is necessary. 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

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 whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether 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 fifty (50) check vouchers and invoices for examination and compliance with applicable federal and state requirements. We noted no errors or violation of compliance requirements, and expenditures were within program budgets.***

#### ***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 whether 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) were reviewed and approved, in writing (or electronically approved), 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).

***Finding - The Housing Authority has the following charge cards:***

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

***Chase Card Services - three (3) – reviewed January, April and May 2022 bills and invoices***

***Chevron - two (2)***

***Shell - eight (8) – reviewed April 2022 bills and invoices***

***Lowe’s - one (1)***

***We noted in all three bills with the Chase Card services that there was a lack of support for charges on the bill. We brought these to management’s attention and recommended that the Authority be more diligent in its collection of receipts and invoices related to credit card purchases. Refer to PL-10/3 for our review.***

#### ***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:
- If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - Observe 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).
  - Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Observation - As noted in our working papers (ref. PL-10/3), added for the AUP requirement, we have examined the required travel and related expenditures for the year. The Housing Authority typically spends very little on travel and travel-related expenses. Upon examination of these additional procedures, we determined that all expenditures are within the Federal and State compliance requirements. 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 whether 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 whether 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 the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- 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 the invoice and related payment agreed to the terms and conditions of the contract.

***Finding - As documented in our working papers (ref. PL-5), we selected five agreements/contracts for review to determine that bids have been properly obtained and the prices received are competitive and in keeping with the Federal and State requirements. We noted that the Authority did not maintain an audit trail regarding contract documentation for these agreements and contracts. Based on our review, we could not determine if the Authority was compliant with Federal and State requirements. For instance, the Authority expended over \$180,000 to one vendor for remodel and unit turnaround services. There was no record that the Authority procured these services as dictated by the Procurement policy. It is our recommendation that the Authority more closely follows its Procurement policy, and maintain better records to provide a valid audit trail to support the reasoning for its decision-making over contract administration.***

#### ***Payroll and Personnel***

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- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or 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 or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any 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 six employees, which is more than the five required by the State AUP. We also reviewed the April 15, 2022, payroll to specifically meet the State AUP requirements. 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 whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Observation - The Authority attends a training course that covers Fair Housing, Ethics, and Sexual Harassment (ref PL-10/4). We noted documentation that staff attended this training during the fiscal year. There were no changes to the Ethics policy that required notification of staff.**

#### **Debt Service**

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

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

#### **Fraud Notice**

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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 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.**

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”
- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

***Observation – We contacted the Authority’s Information Technologies vendor to determine if the Authority was compliant with State AUP requirements. Based on their response, we feel that the Authority has met these requirements. No further comment is necessary.***

### ***Sexual Harrassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;
  - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e. Amount of time it took to resolve each complaint.

***Observation – The Authority attends a training course that covers Fair Housing, Ethics, and Sexual Harassment (ref. PL-10/4). We noted documentation that staff attended this training during the fiscal year. The Authority did not have records of any annual sexual harassment report, however, management has had no reports of sexual harassment.***

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

Loganville, Georgia  
December 13, 2022





December 13, 2022

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

We have audited the financial statements of the **Housing Authority of the Town of Ruston** for the year ended **June 30, 2022**, and have issued our report thereon dated **December 13, 2022**. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have included this information in this letter dated **December 13, 2022**. Professional standards also require that we provide you with the following information related to our audit.

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

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

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

#### **Qualitative Aspects of Accounting Practices**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the **Housing Authority of the Town of Ruston** are described in Note A to the financial statements. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. No new accounting policies were adopted and the application of existing policies was not changed during the year.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent and clear.

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

There were no difficulties encountered in conducting the audit of the **Housing Authority of the Town of Ruston** for the year ended **June 30, 2022**.

## **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

## **Disagreements with Management**

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

## **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated **December 13, 2022**.

## **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## **Other Audit Findings or Issues**

The following other matters or concerns came to our attention, during the course of our audit:

1. Written Policies & Procedures:
  - The procedures for receipts/collections, payroll, and Information Technology Disaster Recovery should be documented and a part of agency internal controls.
  - The Housing Authority needs to review all policies and procedures and consolidate the documents for internal controls. There have been several policies through the revisions along with revisions and these need to be consolidated and documented in one place.
  - The Sexual Harassment policy doesn't contain all the requirements of the Statute – R.S. 42:342-344, which stipulates that agency shall provide an annual reporting.
  
2. Contracts:
  - We could not determine that contracts were bid in accordance with the Louisiana Public Bid Law or Procurement Policy or Code.
  - The total disbursements to a contractor during the year totaled \$180,316. Although these expenditures were done over a year timeframe and was done as needed on units, we believe the total amount expended was over the small purchase threshold. These expenditures were incurred with one vendor due to a lack of contractors in the area, this vendor has been used on considerable work.
  - Documentation should be maintained in the files which shows how a contractor is selected or why the contractor is considered sole source, or the agency should issue a blanket purchase order after the bidding and selection process is conducted.

3. Credit Cards:

- Upon random selection of credit card billings and invoices we determined that not all credit card charges are supported with a detailed invoice attached to the check voucher copy. The Housing Authority should be careful to obtain all invoices before charging the cost to a federal program. We noted three months of Chase Ink payments in which invoices were missing from each payment.

**Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Significant Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Organization that could potentially cause future financial statements to be materially misstated. For purposes of reporting, we noted no adjustments that would be considered material to the financial statements.

**Current Year Findings, Significant Deficiencies and Material Weaknesses**

The current audit period for **June 30, 2022**, reported no significant deficiencies or material weaknesses. Also, this report disclosed no reportable findings of noncompliance.

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

Very truly yours,



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