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**HOUSING AUTHORITY OF THE CITY OF
CROWLEY, LOUISIANA**

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

TWELVE MONTHS ENDED SEPTEMBER 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 03 2000

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION

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HOUSING AUTHORITY OF THE CITY OF CROWLEY

SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results

- A. We issued an unqualified opinion on the Housing Authority of the City of Crowley, Louisiana for the audit of its financial statements for the year ended September 30, 1999.
- B. The financial statements are prepared on the Enterprise Method. See Auditor's Report and Note A.
- C. No reportable conditions in internal control were disclosed by our audit of the financial statements
- D. The audit did not disclose any noncompliance which is material to the financial statements.
- E. No reportable conditions in internal control were disclosed by our audit over major programs.
- F. We issued an unqualified opinion on compliance for major programs.
- G. Our audit disclosed two audit findings that we are required to report under 510(a) of OMB Circular A-133.
- H. Major programs are as follows, and see Schedule of Federal Expenditures for CFDA numbers and amounts:
 - 1. Low Income Housing
 - 2. Comprehensive Grants
 - 3. Section 8 - Certificates
 - 4. Section 8 - Vouchers

HOUSING AUTHORITY OF THE CITY OF CROWLEY

SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

- I. The dollar threshold to distinguish Type A and Type B programs is \$ 300,000.
- J. *The Housing Authority of the City of Crowley, Louisiana did not qualify for the year ended September 30, 1999 as a low-risk auditee.*

Schedule of Findings and Questioned Costs

- K. There is one finding in these financial statements that is required to be reported in accordance with GAGAS.
- L. There are two audit findings or questioned costs for Federal awards which shall include audit findings as described in 510a of OMB Circular A-133.

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MEMBER
AMERICAN BOARD CERTIFIED
PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners
Housing Authority of the
City of Crowley
Crowley, Louisiana

Regional Inspector General for Audit
Office of Inspector General
Department of Housing and Urban
Development

We have audited the accompanying general-purpose financial statements of the Housing Authority of the City of Crowley, Louisiana at and for the year ended September 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of the City of Crowley, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Crowley, Louisiana as of September 30, 1999 and the results of its operations and changes in its total equity for the year then ended, in conformity with generally accepted accounting principles.

As described in Note A to the financial statements, the PHA has changed from the Governmental Funds to the Enterprise Funds method for the year ended September 30, 1999.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2000 on our consideration of Housing Authority of the City of Crowley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part on an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Housing Authority of the City of Crowley, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Mike Estes, P.C.

Fort Worth, Texas

April 20, 2000

HOUSING AUTHORITY OF THE CITY OF CROWLEY
BALANCE SHEET - ENTERPRISE FUND
SEPTEMBER 30, 1999

FW - 561

Assets

Current assets

Cash - Exhibit F	\$	73,268.00
Investments		440,527.00
Accounts receivable - HUD - Note K		72,732.00
Accounts receivable - tenants, net of allowance for bad debts, \$7,181		0.00
Inventories		35,159.00
Prepaid insurance		11,942.00

Total current assets		<u>633,628.00</u>
-----------------------------	--	-------------------

Fixed Assets

Land		122,082.00
Buildings		9,730,803.00
Furniture, equipment & machinery		436,122.00

		<u>10,289,007.00</u>
--	--	----------------------

Less: Accumulated depreciation		<u>7,653,484.00</u>
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Net fixed assets		<u>2,635,523.00</u>
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Total assets	\$	<u><u>3,269,151.00</u></u>
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The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
BALANCE SHEET - ENTERPRISE FUND BASIS
SEPTEMBER 30, 1999

FW - 561

Liabilities

Current liabilities

Tenant's security deposits	\$ 27,145.00
Accounts payable - other	33,207.00
Accrued wages, compensated absences	<u>25,649.00</u>

Total current liabilities 86,001.00

Fund equity

Net HUD contributions	<u>2,642,984.00</u>
-----------------------	---------------------

Total contributed capital 2,642,984.00

Retained earnings - Exhibit B	<u>540,166.00</u>
-------------------------------	-------------------

Total Equity 3,183,150.00

Total Liabilities and Equity \$ 3,269,151.00

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 1999

FW - 561

Revenues

Tenant revenue	\$	639,322.00
HUD subsidy - Low Rent		241,003.00
HUD subsidy - Section 8		1,271,460.00
HUD CIAP soft costs grant		16,772.00
Interest income		87,032.00
Other revenue		113,961.00
		<hr/>
Total Operating Revenue		2,369,550.00
		<hr/>
Operating expenses		
Administrative		276,837.00
Tenant services		52,368.00
Utilities		350,619.00
Maintenance		264,941.00
General expense		158,521.00
Depreciation		359,562.00
CIAP soft costs		16,772.00
HAP payments		1,117,980.00
		<hr/>
Total operating expenses		2,597,600.00
		<hr/>
Net operating loss		(228,050.00)
		<hr/>
Retained earnings (operating reserve), 9-30-98		418,123.00
Add: HUD - REAC prior year GAAP adjustments		350,093.00
		<hr/>
Retained earnings, 9-30-99	\$	540,166.00
		<hr/>
Net HUD contribution, 9-30-98		9,908,738.00
Current year addition and REAC adjustments		(7,265,754.00)
		<hr/>
Net HUD contribution, 9-30-99		2,642,984.00
		<hr/>
Total Equity, 9-30-99 - Exhibit A	\$	3,183,150.00
		<hr/> <hr/>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
YEAR ENDED SEPTEMBER 30, 1999

FW - 561

Cash flows from operating activities:

Tenant revenue	\$	639,322.00
Other operating revenue		113,961.00
Operating expenses		<u>(2,597,600.00)</u>
Net cash (used) in operating activities		<u><u>(1,844,317.00)</u></u>

Cash flows from noncapital financing activities

Operating subsidies received		<u>1,529,235.00</u>
Net cash provided by noncapital financing activities		<u><u>1,529,235.00</u></u>

Cash flows from capital and related financing activities

HUD CIAP hard cost advances		227,796.00
Equipment and CIAP additions		<u>227,796.00</u>
Net cash provided (required) by capital and financing activities		<u><u>0.00</u></u>

Cash flows from investing activities

Interest income		<u>87,032.00</u>
Net cash provided (used) from investing activities	\$	<u><u>87,032.00</u></u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 STATEMENT OF CASH FLOWS - ENTERPRISE FUND (continued)
 YEAR ENDED SEPTEMBER 30, 1999

FW - 561

Adjustments

Depreciation	359,562.00
NET HUD - REAC adjustments - noncash	74,282.00
Changes in assets and liabilities:	
Decrease in accounts receivable	\$ 40,600.00
Increase in inventories	(35,159.00)
Increase in prepaid insurance	(11,942.00)
Decrease in deferred charges	34,869.00
Increase in accrued wages and payroll taxes	25,649.00
Decrease in security deposits	(2,615.00)
Decrease in deferred credits	(106,589.00)
Decrease in accounts payable	(113,791.00)
Total adjustments	<u>264,866.00</u>
Change in cash and equivalents	36,816.00
Cash and equivalents beginning of year	<u>476,979.00</u>
Cash and equivalents end of year - Exhibit A	<u>\$ 513,795.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
COMPARISON OF ACTUAL HUD REVENUE AND
EXPENSES TO HUD BUDGETED
YEAR ENDED SEPTEMBER 30, 1999

FW - 561

	<u>HUD</u>		<u>Over</u>
	<u>Budget</u>	<u>Actual</u>	<u>(Under)</u>
			<u>Budget</u>
Revenues			
Tenant revenue	\$ 663,750.00	\$ 639,322.00	\$ (24,428.00)
HUD subsidy - Low Rent	241,003.00	241,003.00	0.00
HUD subsidy - Section 8	1,239,779.00	1,271,460.00	31,681.00
HUD CIAP soft costs grant	16,772.00	16,772.00	0.00
Interest income	7,320.00	87,032.00	79,712.00
Other revenue	21,900.00	113,961.00	92,061.00
	<u>2,190,524.00</u>	<u>2,369,550.00</u>	<u>179,026.00</u>
Total operating revenue			
Operating expenses			
Administration, net of CIAP soft cost:	338,953.00	276,837.00	(62,116.00)
Tenant services	55,214.00	52,368.00	(2,846.00)
Utilities	376,200.00	350,619.00	(25,581.00)
Maintenance	269,155.00	264,941.00	(4,214.00)
General expense	117,893.00	158,521.00	40,628.00
Depreciation	0.00	359,562.00	359,562.00
CIAP soft costs	16,772.00	16,772.00	0.00
HAP payments	1,070,784.00	1,117,980.00	47,196.00
	<u>\$ 2,244,971.00</u>	<u>\$ 2,597,600.00</u>	<u>\$ 352,629.00</u>
Total operating expenses			
Excess (deficient) revenues	(54,447.00)	(228,050.00)	(173,603.00)
Add:			
Depreciation - not budgeted by HUD	0.00	359,562.00	359,562.00
Deduct:			
Capital expenditures - budgeted by HUD	0.00	0.00	0.00
Excess (deficiency) of budgeted revenues over expenses	<u>\$ (54,447.00)</u>	<u>\$ 131,512.00</u>	<u>\$ 185,959.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES AND CHANGE OF ACCOUNTING PRINCIPLE

The Housing Authority of Crowley, Louisiana (the Authority), a public corporate body, was organized for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by providing decent housing, a suitable living environment, and economic opportunities principally for persons of low and moderate income.

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the City of Crowley, Louisiana. Each member serves a five-year term on a rotating basis. Substantially all of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities and housing assistance payments for eligible individuals.

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and data from these units, if any, are combined with data of the Authority. Each discretely presented component unit, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the Authority. As of September 30, 1999, and for the fiscal then ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(continued)

SEPTEMBER 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES AND CHANGE OF ACCOUNTING PRINCIPLE (continued)

(2) Change in Accounting Principle

For the year ended September 30, 1999, the PHA has changed from the Government Funds Method to the Enterprise Method. This change was strongly recommended by the Real Estate Assessment Center (REAC) of The Department of Housing and Urban Development.

The Enterprise Funds Method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The Enterprise Fund recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable. In the prior method used, the Governmental Funds Method, the modified accrual method was necessary.

Depreciation expense must be recognized for the Enterprise Fund. Under the Governmental Funds Method, depreciation was optional and the PHA elected not to recognize it.

REAC suggests that accumulated depreciation be charged to HUD Capital Contributions, not Retained Earnings. REAC directs that soft costs from development and modernization be deleted from fixed assets and charged to HUD Capital Contributions.

REAC also directs PHA's to delete outstanding debt owed to HUD, annual contributions and debt amortization funds receivable due from HUD, and close them to HUD Capital Contributions.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(continued)

SEPTEMBER 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES AND CHANGE OF ACCOUNTING PRINCIPLE (continued)

The amount of the September 30, 1998 operating reserve becomes the beginning retained earnings. There is no cumulative effect on beginning retained earnings resulting from the accounting method change.

(3) Budgetary Data

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables, or depreciation. The budget does reflect furniture and equipment additions from operations.

(4) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(continued)

SEPTEMBER 30, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES AND CHANGE OF ACCOUNTING PRINCIPLE (continued)

(5) Tenant Receivables

Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts.

(6) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 1999. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized, uninsured and unregistered, but with securities held by the bank, its trust department, or its agent, pledged to the PHA, but not in the PHA's name.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(continued)

SEPTEMBER 30, 1999

NOTE B CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total Bank Balances	Category		
	1	2	3
\$ <u>513,795</u>	\$ <u>151,167</u>	\$ <u> </u>	\$ <u>362,628</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C ACTIVITIES OF THE PHA

At September 30, 1999, the PHA was managing 346 units of low-rent in six projects under Program FW - 561, 123 units (under lease) of Section 8 Existing through Program LA-029, and 237 units (under lease) through Program LA-029.

NOTE D CONTINGENCIES

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(continued)

SEPTEMBER 30, 1999

NOTE E - FIXED ASSETS

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

Site improvements	15 Years
Buildings	33 Years
Buildings improvements	15 Years
Nondwelling structures	15 Years
Equipment	3 to 7 Years

	09/30/99	09/30/98	Current	09/30/99
	<u>Cost</u>	<u>Accumulated</u>	<u>Depreciation</u>	<u>Accumulated</u>
		<u>Depreciation</u>		<u>Depreciation</u>
Land	\$ 122,082			
Buildings and Improvements	9,730,803	7,041,141	310,929	7,352,070
Equipment	436,122	252,781	48,633	301,414
	<u>\$ 10,289,007</u>	<u>7,293,922</u>	<u>359,562</u>	<u>7,653,484</u>

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(continued)

SEPTEMBER 30, 1999

NOTE F - LONG-TERM DEBT

As noted in Note A, long-term debt owed to HUD has been closed to HUD Capital Contributions. For the year ended September 30, 1999, Housing Agency bonds outstanding of \$ 1,756,041.00 were closed to capital contributions.

NOTE G RETIREMENT PLAN

Effective 12/1/98, the PHA adopted the Housing-Renewal and Local Agency Retirement Plan. The entity provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six months exclusionary period. The employee contributes 5.5 % and the entity contributes 7.5 % of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20 % annually for each year of participation. An employee is fully vested after 5 years of participation.

NOTE H DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(continued)

SEPTEMBER 30, 1999

NOTE I - ACCOUNTING FOR THE IMPAIRMENT OF LONG - LIVED ASSETS

The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

NOTE J - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE K- ACCOUNTS RECEIVABLE

Accounts receivable - HUD consists of the following:

Due From Comp Grant	\$ 34,510.00
Due for Vouchers	26,869.00
Due for Certificates	11,353.00
	<u>\$ 72,732.00</u>

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF CROWLEY

STATEMENT AND CERTIFICATION OF ACTUAL COMP GRANT COST

ANNUAL CONTRIBUTION CONTRACT

FW - 561

1. The Actual Modernization Costs are as follows:

	<u>1996 Comp Grant</u>
Funds Approved	\$ 553,826.00
Funds Expended	<u>553,826.00</u>
Excess of Funds Approved	<u>0.00</u>
Funds Advanced	\$ 553,826.00
Funds Expended	<u>553,826.00</u>
Excess of Funds Advanced	<u>0.00</u>

2. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated April 29, 1999 accompanying the Actual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
STATEMENT OF COMP GRANT COSTS - UNCOMPLETED

SEPTEMBER 30, 1999

CASH BASIS

	<u>Project 1998</u>	<u>Project 1997</u>
Funds Approved	\$ 607,002.00	\$ 561,008.00
Funds Expended	<u>6,375.00</u>	<u>472,269.00</u>
Excess of Funds Approved	<u>600,627.00</u>	<u>88,739.00</u>
Funds Advanced	\$ 6,375.00	\$ 437,759.00
Funds Expended	<u>6,375.00</u>	<u>472,269.00</u>
Excess of Funds Advanced	<u>\$ 0.00</u>	<u>\$ (34,510.00)</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 ANALYSIS OF GENERAL FUND CASH BALANCE
 ANNUAL CONTRIBUTION CONTRACT
FW - 561

Composition Before Adjustments	
Net operating receipts retained:	
Retained earnings - Exhibit B	\$ <u>540,166.00</u>
	540,166.00
Adjustments	
Expenses/costs not paid:	
Current liabilities	86,001.00
Current fund imbalance	7,461.00
Income not received:	
Accounts receivable	<u>(72,732.00)</u>
General Fund Cash Available	560,896.00
General Fund Cash:	
Invested	(440,527.00)
Applied to deferred charges (prepaid insurance, inventories, etc.)	<u>(47,101.00)</u>
General Fund Cash - Exhibit A	<u><u>73,268.00</u></u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

ANALYSIS OF SURPLUS - STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1999ANNUAL CONTRIBUTION CONTRACT
LA 029CE / LA 029VUnreserved Surplus

Balance per prior audit at 09/30/98	\$ (5,069,311.00)
Net Loss for the year ended 09/30/99 - Existing	(909,435.00)
Net Loss for the year ended 09/30/99 - Voucher	(327,257.00)
Provision for (reduction of) Operating Reserve for year ended 09/30/99 - Existing	(317.00)
Provision for (reduction of) Operating Reserve for year ended 09/30/99 - Voucher	(9,127.00)
HUD Adjustment - Existing	2,861,623.00
Provision for (reduction of) Project Account for year ended 09/30/99 - Existing	(47,550.00)
Provision for (reduction of) Project Account for year ended 09/30/99 - Voucher	26,390.00
HUD Adjustment - Voucher	24,086.00
HUD GAAP Adjustment	<u>(16,473.00)</u>
Balance at 09/30/99	<u>(3,467,371.00)</u>

Reserved Surplus

Balance per prior audit at 09/30/98	80,072.00
Provision for (reduction of) Operating Reserve for the year ended 09/30/99 - Existing	317.00
HUD Adjustment	34,737.00
Provision for (reduction of) Operating Reserve for the year ended 09/30/99 - Existing	9,127.00
HUD-GAAP Adjustment	<u>(6,059.00)</u>
Balance at 09/30/99	<u>118,194.00</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

ANALYSIS OF SURPLUS - STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1999ANNUAL CONTRIBUTION CONTRACT
LA 029CE / LA 029VProject Account

Balance per prior audit at 09/30/98	\$ 3,275,677.00
Provisions for (reduction of) Project Account for year ended 09/30/99 - Existing	47,550.00
HUD Adjustment - Existing	(2,896,116.00)
Provision of (reduction of) Project Account for year ended 09/30/99 - Voucher	(26,390.00)
HUD Adjustment - Voucher	<u>(24,086.00)</u>
Balance at 09/30/99	<u>376,635.00</u>

Cumulative HUD Contributions

Balance per prior audit at 09/30/98	1,820,664.00
Annual contribution for year ended 09/30/99 - Existing	941,138.00
Annual contribution for year ended 09/30/99 - Voucher	336,384.00
HUD Adjustment	<u>(2,080.00)</u>
Balance at 09/30/99	<u>3,096,106.00</u>
Total at 09/30/99	<u>\$ 123,564.00</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 1999

FEDERAL GRANTOR PROGRAM TITLE	<u>C DFA NO.</u>	<u>GRANT ID NO.</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Low-Income Housing			
Operating Subsidy	14.850	FW - 561	241,003.00
Major Program Total			<u>241,003.00</u>
Section 8 Hap -			
Vouchers	14.855	FW - 561	330,322.00
Major Program Total			<u>330,322.00</u>
Section 8 Hap -			
Certificates	14.857	FW - 561	915,190.00
Major Program Total			<u>915,190.00</u>
Comprehensive			
Improvement			
Assistance Program	14.852	FW - 561	244,568.00
Major Program Total			<u>244,568.00</u>
 Total HUD			 <u>\$ 1,731,083.00</u>

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Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Housing Authority of the
City of Crowley
Crowley, Louisiana

We have audited the compliance of the Housing Authority of the City of Crowley, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 1999. The Housing Authority of the City of Crowley, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of Crowley, Louisiana's Management. Our responsibility is to express an opinion on the Housing Authority of the City of Crowley, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Crowley, Louisiana's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of the City of Crowley, Louisiana's compliance with those requirements. Our audit noted two instances of noncompliance. They are the second and third audit findings.

In our opinion, the Housing Authority of the City of Crowley, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Mike Estes, P.C.

Fort Worth, Texas
April 20, 2000

The Notes to Financial Statements are an integral part of these statements.

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Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with Governmental Auditing Standards

Housing Authority of the
City of Crowley
Crowley, Louisiana

We have audited the financial statements of the Housing Authority of the City of Crowley, Louisiana as of and for the year ended September 30, 1999, and have issued our report thereon dated April 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Crowley, Louisiana's financial statements fare free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing a 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 one instance of noncompliance that are required to be reported under *Government Auditing Standards*, or the Louisiana Governmental Audit Guide. It is the first audit finding.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Crowley, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our *consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.* A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is a matter of public record and its distribution is not limited.

Mike Estes, P. C.

Fort Worth, Texas
April 20, 2000

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 1999

Prior Audit Findings and Questioned Costs

The prior audit finding cited the PHA for excessive, delinquent accounts receivable. This finding is cleared.

Current Audit Findings

Audit Not Timely

- 1) Louisiana state law requires the PHA's audited financial statements be delivered to the Legislative Auditor no later than six months after fiscal year-end, or March 31. The PHA did not deliver its financial statements by March 31.

Recommendation

The PHA should timely deliver its financial statements.

Reply

We will do so in the future. HUD mandated that we write off the "soft costs" of our prior developments and modernization programs. We were unable to locate some of our 13 certificates in time to get our books closed by March 31.

Non-Compliance With Section 8 Administration Plan

- 2) Until September 8, 1999, priority was given to the elderly, disabled and displaced. Beginning September 8, 1999, admissions went by time and date of application (first come, first serve, if qualified).

The Administrative Plan states "HACC will give preference to a single person who is displaced, elderly or disabled plus elderly or disabled head/spouse families before a single person who is not elderly, disabled or displaced". The Administrative Plan was not changed during September 1999.

Recommendation

The PHA should adhere to its Administrative Plan. The PHA can revise its Plan if it chooses, as long as it conforms to HUD policy.

I also note the PHA has manual, easy to follow, well documented waiting lists for Section 8 and Low Rent.

Reply

We are currently revising our Administrative Plan. We will make sure it conforms to HUD regulations. We will adhere to the Plan.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

SEPTEMBER 30, 1999

PHAS - Management Assessment for PHA's

- 3) The client did not have the documentation to support the answers to PHAS Indicator 1, Component 2, e, f and g - average number of calendar days units were in down time, make ready time and lease up time. The answers listed on the PHAS were 40.60, 115.60 and 45.10, respectively.

Recommendation

The PHA needs to keep the documentation to these PHAS questions. All other PHAS answers appear properly documented.

I note the PHA has mounted grids that notes move-out date, clean date, paint started and ended, carpet started and ended, maintenance started and ended, and ready to rent dates.

Reply

We will comply with the above recommendation.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 SCHEDULE OF AUDIT JOURNAL ENTRIES
 YEAR ENDED SEPTEMBER 30, 1999

FW - 561

	<u>ACCT. # FOR AUDIT PURPOSES</u>	<u>DR</u>	<u>CR</u>	<u>ACCT. # FOR POSTING TO PHA BOOKS</u>
<u>Low Rent</u>				
<1> 1998 C.G. - Furniture	N/A - FDS is Correct		6,375.00	1430
1997 C.G. - Operating			54,100.00	1406
1997 C.G. - Mgt. Improvement			14,469.95	1408
1997 C.G. - Fees			28,230.01	1430
Net HUD Contributions		105,174.96		2802

To write off soft costs on open Comp Grant.

Section 8 - Voucher

<2> Equipment	N/A - FDS Correct		3,798.00	1400
Accumulated Depreciation			21,239.00	1544
Retained Earnings		6,059.00		2826
Unreserved Surplus		16,473.00		2810
Accrued Comp			2,685.00	2135

To adjust equipment and accumulated depreciation.