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HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY, LOUISIANA
REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
TWELVE MONTHS ENDED SEPTEMBER 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, 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 15, 1997 **ENTER & ASSOCIATES**
CERTIFIED PUBLIC ACCOUNTANTS

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ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
4800 SHIRLEY DRIVE - SUITE 100
PORT WORTH, TEXAS 76117

4075 855-8500
METRO 4075-84-4942
FAX 4075-851-3941

MEMBER
AMERICAN SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

1992-1993 ANNUAL REPORT

**Report of Independent Certified Public Accountants
on Financial Statements and Financial Schedules**

Board of Commissioners
Housing Authority of the
City of Cotton Valley
Cotton Valley, 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 and the combining and individual fund and account group financial statements of the Housing Authority of the City of Cotton Valley, Louisiana (the Authority) as of September 30, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-136, "Audits of State and Local Governments." 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 Cotton Valley, Louisiana as of September 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Housing Authority of the City of Cotton Valley, Louisiana as of September 30, 1996, and the results of operations of each fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 1996, on our consideration of the Authority's system of internal control and a report dated November 19, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The budgetary information included in the accompanying financial statements and the accompanying financial information listed as financial schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Housing Authority of the City of Cotton Valley, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly stated in all material aspects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

Estes and Associates

Fort Worth, Texas
November 19, 1996

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1999

	Governmental Fund Types			Fiduciary Fund Types			Account Groups		Total (Miscellaneous Only)
	General	Special Revenues	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long Term Debt		
ASSETS									
Cash and cash equivalents	\$ 12,885.00	\$	\$	\$	\$ 1,818.00	\$	\$	\$	\$ 13,898.00
Investments	20,076.31								20,076.31
Receivables, net of allowances	1,771.00								1,771.00
Due from									
Other governments			30,202.08						30,202.08
Other agencies						20,000.00			20,000.00
Federal agencies						20,000.00			20,000.00
Property, plant and equipment							301,504.45		301,504.45
Accounts to be provided for retirement of general long-term debt								204,504.81	204,504.81
Total Assets	\$ 36,734.61	\$ 0.00	\$ 30,202.08	\$ 0.00	\$ 1,818.00	\$ 204,504.81	\$ 301,504.45	\$	\$ 1,207,984.80

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
 SEPTEMBER 30, 1992

	Governmental Fund Types			Proprietary Fund Types		Accounts Group		Total Management Dist
	General	Special Revenues	Debt Service	Capital Projects	Trust and Agency	General Fund Accounts	Long-Term Debt	
LIABILITIES								
Accounts payable	253.00							253.00
Accrued liabilities	498.00							498.00
Due to:								
Trusts					1,018.00			1,018.00
General obligation bonds payable and other liabilities								
Total Liabilities	751.00	0.00	0.00	0.00	1,018.00	0.00	321,804.46	323,084.28
FUND EQUITY						964,984.81		964,984.81
Investment in general fund assets								
Fund balances:								
Assigned for debt service	38,000.00		30,200.04					68,200.04
Unassigned:								
Undesignated	28,000.00							28,000.00
Total Fund Equity	28,000.00	0.00	30,200.04	0.00	0.00	964,984.81	0.00	1,023,184.85
Total Liabilities and Fund Equity	28,754.00	0.00	30,200.04	0.00	1,018.00	964,984.81	321,804.46	1,027,564.58

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

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL FUND AND DEBT SERVICE FUNDS
 YEAR ENDED SEPTEMBER 30, 1998

	General Fund			Debt Service Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Miscellaneous	\$ 18,750.00	\$ 18,007.00	\$ 743.00	\$	\$	\$
Intergovernmental	52,500.00	52,500.00	0.00	20,000.00	20,000.00	0.00
Interest	1,100.00	870.00	230.00			0.00
Other income	100.00	100.00				0.00
Total Revenue	<u>72,450.00</u>	<u>71,497.00</u>	<u>953.00</u>	<u>20,000.00</u>	<u>20,000.00</u>	<u>0.00</u>
EXPENDITURES						
Administration	21,000.00	19,421.95	1,578.05			0.00
Utilities	14,200.00	14,089.87	110.13			0.00
Cordway maintenance	23,540.00	17,902.80	5,637.20			0.00
Transportation	2,800.00	2,247.15	552.85			0.00
General expenditures	10,100.00	8,720.00	1,380.00			0.00
Expenditures maintenance		10.00	90.00			0.00
Capital expenditures	3,800.00	3,184.32	615.68			0.00
Public service				8,400.00	8,400.00	0.00
Principal retirement				21,000.00	21,000.00	0.00
Interest						
Total Expenditures	<u>75,200.00</u>	<u>68,867.12</u>	<u>6,332.88</u>	<u>30,232.00</u>	<u>29,270.00</u>	<u>962.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,750.00)</u>	<u>\$ 6,231.18</u>	<u>\$ 8,981.18</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Transfer of net income to reserves - \$0.00						
FUND BALANCES, beginning of year		<u>20,841.00</u>			<u>20,270.00</u>	
FUND BALANCES, end of year		<u>\$ 18,079.00</u>			<u>\$ 20,270.00</u>	

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

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 1986

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Cotton Valley, 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-cost 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 Cotton Valley, 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, housing assistance payments for eligible individuals, and receipt of annual debt service requirements for HUD-related long-term debt.

(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, 1986, and for the fiscal year then ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

(2) Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped by type and broad categories in the financial statements as follows:

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

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Fund Accounting (continued)

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the Authority are financed. The measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The following are the Authority's governmental fund types:

General Fund - The General Fund is the general operating fund of the Authority. The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Authority which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for the payment of interest, principal, and related costs of general long-term debt.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or rehabilitation of major capital facilities.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Authority as an agent for individuals, private organizations, other governmental units, and/or other funds. The following is the Authority's fiduciary fund type:

Agency Funds - Agency Funds include Tenant Security Deposit Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations.

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1990

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the Authority's general fixed assets and general long-term debt for governmental fund types. These are not "funds." They are concerned only with the measurement of financial position and not with results of operations. The following are the Authority's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Authority.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the Authority.

(4) **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered "measurable" when received in cash, except for certain revenues which are accrued when they are both measurable and available or have not been received at the normal time of receipt. Certain grant revenues are accrued when funds are expended. Revenues susceptible to accrual are federal grants, interest on investments, and other miscellaneous revenues which are both measurable and available to finance expenditures of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Agency Funds are custodial in nature and do not measure results of operations. They are clearing accounts whose assets at all times are equally offset by related liabilities.

(5) **Budgetary Data**

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program, included in the General Fund, and all Assisted Housing (Section 8) Programs, included in Special Revenue Funds. 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.

HOUSING AUTHORITY OF THE CITY OF DUTTON VALLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, such as reinstatement of prior-year circumstances. The Board and HUD must approve fund appropriation increases. Any unused appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

The original budget has been amended throughout the year to reflect changes in revenue and expenditure estimates.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables. The difference is not considered materially different from generally accepted accounting principles.

(6) Cash and Cash Equivalents

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

(7) Tenant Receivables

Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts amounting to \$ -0- at September 30, 1996.

(8) Interfund Transactions

During the course of normal operations, the Authority has numerous transactions between funds to provide services, construct assets, and service debt. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

(9) General Fixed Assets

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation is not recorded on general fixed assets. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings, including roads, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets.

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs of completed Modernization projects are reported as construction-in-progress until audited cost certification reports are submitted to HUD, at which time such costs are transferred to the appropriate property categories.

(10) General Long-Term Debt

All long-term indebtedness of the Authority is accounted for in the General Long-Term Debt Account Group and is intended to be paid through the Debt Service Fund.

(11) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service. The cost of this has not been accrued due to immateriality.

(12) Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND INVESTMENTS

At September 30, 1996, the Authority had invested excess funds as follows:

	<u>Amount</u>
Certificate of Deposits	\$ <u>23,075.31</u>
	\$ <u>23,075.31</u>

Cash and investments are insured as follows:

FDIC Insurance	\$ <u>36,973.37</u>
	\$ <u>36,973.37</u>

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

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)
 SEPTEMBER 30, 1996

NOTE C - ACTIVITIES OF THE PHA

At September 30, 1996, the PHA was managing 20 units of low-rent in one project under Program PW - 3051.

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 grantor and/or program beneficiaries.

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Changes in the general fixed assets account group are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land improvements	\$ 101,855.01	\$	\$	\$ 101,855.01
Buildings	604,369.52			604,369.52
Equipment	52,809.25	2,154.30	1,788.08	53,175.47
Total	\$ 658,929.58	\$ 2,154.30	\$ 1,788.08	\$ 659,295.80

All land and building 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 COTTON VALLEY

NOTES TO FINANCIAL STATEMENTS
(Continued)
SEPTEMBER 30, 1999

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>Interest Rate</u>		<u>Principal Balance</u>
FFB Notes	6.6 %	\$	<u>321,504.46</u>

The notes mature annually with the final maturity date in 2014. All required debt service to maturity on the notes, including principal and interest, is payable by HUD under a debt service contract with the entity.

Long-term debt is secured by the land and buildings of the entity.

Changes in long-term debt is as follows:

		<u>Bonds</u>
Balance, beginning of period	\$	330,263.09
Principal retirement		<u>8,426.62</u>
Balance, end of period	\$	<u>321,504.46</u>

Schedule retirements of long-term debt is as follows:

1997	\$	8,923.69
1998		9,574.07
1999		10,205.99
2000		10,879.56
2001		11,548.54
Thereafter		270,801.65

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1995

NOTE G - 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 month exclusionary period. The entity contributes 8.5 % 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 25% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended September 30, 1995 was \$ 16,850.04. Contributions to the plan were \$ 2,440.32.

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1998

	Agency Funds	
	Tenant Security Deposit Funds	Total Fiduciary Funds
ASSETS		
Cash and cash equivalents	\$ 1,018.00	\$ 1,018.00
Total Assets	\$ 1,018.00	\$ 1,018.00
LIABILITIES		
Due to tenants	\$ 1,018.00	\$ 1,018.00
Total Liabilities	\$ 1,018.00	\$ 1,018.00

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

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

FIDUCIARY FUNDS
SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS
SEPTEMBER 30, 1998

	Agency Funds	
	Tenant Security Deposit Funds	Total Fiduciary Funds
	<u> </u>	<u> </u>
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$ 1,155.00	\$ 1,155.00
REDUCTIONS		
Payments to tenants	137.00	137.00
Total Reductions	<u>137.00</u>	<u>137.00</u>
DEPOSIT BALANCES AT END OF YEAR	\$ <u>1,018.00</u>	\$ <u>1,018.00</u>

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

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

BALANCE SHEET - STATUTORY BASIS
SEPTEMBER 30, 1995ANNUAL CONTRIBUTION CONTRACT
CA - 3061ASSETS

Cash - Exhibit E	\$	13,898.06
Accounts receivable - other		1,781.00
Investments		23,875.31
Debt amortization funds		90,232.58
Deferred charges		2,048.46
Land, structures and equipment		<u>964,594.81</u>
Total Assets	\$	<u>1,095,630.22</u>

LIABILITIES AND SURPLUS

Accounts payable	\$	1,271.00
Accrued liabilities		450.83
Fixed liabilities		<u>321,934.46</u>
Total Liabilities		323,656.29
Surplus - Exhibit C		<u>711,985.93</u>
Total Liabilities and Surplus	\$	<u>1,095,630.22</u>

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY
 STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS
 ANNUAL CONTRIBUTION CONTRACT
FR — 2021

	Year Ended
	09-30-96
Operating Income	
Dwelling rental	\$ 19,077.00
Interest on general fund investments	612.22
Total Operating Income - Exhibit D	19,689.22
Operating Expenses	
Administration	19,421.18
Tenant Expense	2,247.15
Utilities	14,489.67
Ordinary maintenance and operation	17,932.50
General expense	9,722.50
Nonroutine maintenance	10.00
Total Operating Expense - Exhibit D	63,812.60
Net Operating Income (Loss)	(44,122.58)
Other Charges	
Interest on notes and bonds payable	21,500.95
Gain or loss from disposition of nonexpendable equipment	5,789.09
Total Other Charges	27,290.05
Net Loss - Exhibit C	\$ (71,715.63)

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1996ANNUAL CONTRIBUTION CONTRACT
FW — 2051Unreserved Surplus

Balance per prior audit at 09-30-95	\$	(976,043.66)
Net loss for the year ended 09-30-96 - Exhibit B		(71,716.00)
(Provision for) reduction of Operating Reserve for year ended 09-30-96 - Exhibit D		<u>(6,231.10)</u>
Balance at 09-30-96		<u>(1,053,990.76)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 09-30-95		32,841.90
Provision for (reduction of) Operating Reserve for the year ended 09-30-96 - Exhibit D		<u>6,231.10</u>
Balance at 09-30-96 - Exhibit E	\$	<u>39,073.00</u>

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1996ANNUAL CONTRIBUTION CONTRACT
PW — 2051

<u>Cumulative HUD Contributions</u>	
Balance per prior audit at 09-30-95	\$ 1,153,545.87
Annual contribution for year ended 09-30-96 - Exhibit D	30,232.58
Operating subsidy for year ended 09-30-96	<u>69,558.00</u>
Balance at 09-30-96	<u>1,253,336.45</u>
<u>Cumulative HUD Credits</u>	
Balance per prior audit at 09-30-95	<u>490,596.00</u>
Balance at 09-30-96	<u>490,596.00</u>
Total Surplus - Exhibit A	\$ <u>711,925.93</u>

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
FW - 2021

	<u>Year Ended</u>
	<u>09-30-99</u>
<u>Computation of Residual Receipts</u>	
<u>Operating Receipts</u>	
Operating Income - Exhibit D	\$ 19,690.22
HUD operating subsidy	<u>52,508.00</u>
Total Operating Receipts	<u>72,198.22</u>
<u>Operating Expenditures</u>	
Operating expenses - Exhibit B	63,912.80
Capital expenditures:	
Replacement of nonexpendable equipment	1,579.82
Property betterments and additions	<u>574.40</u>
Total Operating Expenditures	<u>65,967.12</u>
Residual receipts (deficit) per audit before provision for reserve	6,231.10
Audit adjustments (backed out)	<u> </u>
Residual receipts per PHA before provision for reserve	6,231.10
(Provision for) or reflection of operating reserves - Exhibit C	<u>19,231.10</u>
Residual receipts per PHA	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT

JW — 2021

		<u>Year Ended</u>
		<u>09-30-20</u>
<u>Computation of Accruing Annual Contributions</u>		
Fixed annual contribution	\$	<u>30,232.58</u>
Total Annual Contribution - Exhibit G	\$	<u>30,232.58</u>

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

ANALYSIS OF GENERAL FUND CASH BALANCE

ANNUAL CONTRIBUTION CONTRACT

FW - 2021Compositions Before Adjustments

Net operating receipts retained		
Operating reserves - Exhibit C	\$	<u>39,073.00</u>
		39,073.00

Adjustments

Expenses/costs not paid		
Accounts payable		1,271.66
Accrued payments in lieu of taxes		499.63

Income not received:		
Accounts receivable		<u>(1,781.00)</u>

General Fund Cash Available		39,091.03
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General Fund Cash:

Invested		(23,075.31)
Applied to deferred charges (prepaid insurance, inventories, etc.)		<u>(2,040.46)</u>

General Fund Cash - Exhibit A	\$	<u>13,999.06</u>
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HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 1996

<u>FEDERAL GRANTOR</u> <u>PROGRAM TITLE</u>	<u>COFA</u> <u>NO.</u>	<u>GRANT</u> <u>ID. NO.</u>	<u>AWARD</u> <u>AMOUNT</u>	<u>PROGRAM</u> <u>EXPENDITURES</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Low-Income Housing				
Annual Contribution	14.050	FW- 2051	\$ 30,202.58	\$ 30,202.58 1/
Operating Subsidy	14.050	FW- 2051	52,508.00	52,508.00
NonMajor Program Total 1/			82,740.58	82,740.58
Total HUD			\$ 82,740.58	\$ 82,740.58

1/ The Housing Authority of Cotton Valley is indebted to the Federal Financing Bank for \$ 321,934.46 at September 30, 1996.

ESTES & ASSOCIATES
FEDERAL PUBLIC ADMINISTRATION
3600 AIRPORT FREEDOM - SUITE 200
FORT WORTH, TEXAS 76117

8075 432-8522
INTELEX 8075 444-6861
FAX 8075 432-8540

HOUSING AUTHORITY OF COTTON VALLEY

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

**Independent Auditor's Compliance Report Based on an
Audit of Financial Statements Prepared
in Accordance with Government Auditing Standards**

We have audited the financial statements of the Housing Authority of the City of Cotton Valley, Louisiana, as of and for the twelve months ended September 30, 1995, and have issued our report thereon dated November 19, 1995.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Housing Authority of the City of Cotton Valley, Louisiana is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. This report is a matter of public record, and its distribution is not limited.

Estes and Associates

Fort Worth, Texas
November 19, 1995

ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
4000 AIRPORT FREEWAY - SUITE 400
PORT CHARLES, LOUISIANA 70372

(504) 833-8888
METRO (504) 424-4800
FAX (504) 833-0260

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

HOUSING AUTHORITY OF COTTON VALLEY

**Independent Auditor's Report on Compliance with the
General Requirements Applicable to
Federal Financial Assistance Programs**

We have audited the financial statements of the Housing Authority of the City of Cotton Valley, Louisiana, as of and for the twelve months ended September 30, 1996, and have issued our report thereon dated November 19, 1996.

We have applied procedures to test the Housing Authority of the City of Cotton Valley, Louisiana's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the twelve months ended September 30, 1996.

Political Activity
Davis-Bacon Act
Civil Rights
Cash Management
Federal Financial Reports (Claims for Advances
and Reimbursements)
Allowable Costs/Cost Principles
Drug Free Workplace Act
Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Authority's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Housing Authority of the City of Cotton Valley, Louisiana had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. However, this report is a matter of public record, and its distribution is not limited.

Estes and Associates

Fort Worth, Texas
November 19, 1996

ESTES & ASSOCIATES
MEMBER OF PUBLIC ACCOUNTANTS
4400 WINTERBURY DRUMWAY - SUITE 100
FORT WORTH, TEXAS 76117

817-852-8200
FAXED 817-854-6661
FAX 817-852-8200

MEMBER
OFFICIAL REGISTERED ACCOUNTANTS
STATE OF TEXAS

4400 WINTERBURY DRUMWAY, SUITE 100

**Independent Auditor's Report on Compliance with
Specific Requirements Applicable to Nonmajor Federal
Financial Assistance Program Transactions**

We have audited the financial statements of the Housing Authority of the City of Cotton Valley, Louisiana, as of and for the twelve months ended September 30, 1996, and have issued our report thereon dated November 19, 1996.

In connection with our audit of the financial statements of the Housing Authority of the City of Cotton Valley, Louisiana, as of and for the twelve months ended September 30, 1996, and with our consideration of the Authority's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the twelve months ended September 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; analysis of general fund cash; and operating subsidy eligibility compliance that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Authority's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Housing Authority of the City of Cotton Valley, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. However, this report is a matter of public record, and its distribution is not limited.

Estes and Associates

Fort Worth, Texas
November 19, 1996

in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. This report is a matter of public record, and its distribution is not limited.

Ester and Associates

Fort Worth, Texas

November 19, 1996

ESTES & ASSOCIATES
REGISTERED PUBLIC ACCOUNTANTS
3400 AMHERST HIGHWAY - SUITE 208
IRVING, TEXAS 75039

TELE 972-352-0000
FAX 972-352-0000

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Internal Control
Structure Used in Administering Federal
Financial Assistance Programs —
Mo Major Programs

We have audited the financial statements of the Housing Authority of the City of Cotton Valley, Louisiana, as of and for the year ended September 30, 1996, and have issued our report thereon dated November 19, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Housing Authority of the City of Cotton Valley, Louisiana, complied with laws and regulations, non-compliance with which would be material to a federal financial assistance program.

In planning and performing our audits for the year ended September 30, 1996, we considered the Authority's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Authority's financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated November 19, 1996.

The management of the Housing Authority of the City of Cotton Valley, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of non-compliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in

conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls	Administrative Controls
Revenues, receivables, and cash receipts	Political activity
Procurement, payables, and cash disbursement	Davis-Bacon Act
Property and equipment	Civil rights
Payroll	Cash management
Finance, debt, debt service	Federal financial reports
	Allowable costs/Cost principles
	Drug Free Workplace Act
	Administrative requirements
	Types of services -
	allowability
	Eligibility
	Reporting
	Costs allocation
	Special requirements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended September 30, 1996, the Housing Authority of the City of Cotton Valley, Louisiana, had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under nonmajor federal financial assistance programs: Low Income Housing.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. This report is a matter of public record, and its distribution is not limited.

Ernst and Associates

Fort Worth, Texas
November 19, 1996

HOUSING AUTHORITY OF THE CITY OF COTTON VALLEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 1996

Prior Audit Findings and Questioned Cost

There were no prior audit findings.

Current Audit Findings

None.

Questioned
Cost