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HOUSING AUTHORITY OF THE CITY OF CHOWLEY, LOUISIANA

AUDIT PROPOSAL

12 MONTHS ENDED SEPTEMBER 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, 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 APR 15 1998

EXTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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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 Crowley, Louisiana for the audit of its financial statements for the year ended September 30, 1997.
- B. No reportable conditions in internal control were disclosed by our audit of the financial statements.
- C. The audit did not disclose any noncompliance which is material to the financial statements.
- D. No reportable conditions in internal control were disclosed by our audit over major programs.
- E. We issued an unqualified opinion on compliance for major programs.
- F. Our audit disclosed several audit findings that we are required to report under 510(a) of OMB Circular A-133. Our audit procedures also included those of HUD Notice PIH 96-53.
- G. Major programs are as follows, and see Schedule of Federal Expenditures for CFDA numbers and amounts:
 - 1. Low Income Housing
 - 2. Section 8 HAP - Voucher
 - 3. Section 8 HAP - Existing
 - 4. Comprehensive Grants
- H. The dollar threshold to distinguish Type A and Type B programs is \$ 300,000.
- I. The Housing Authority of Crowley, Louisiana qualified for the year ended September 30, 1997 as a low-risk auditee.

Schedule of Findings and Questioned Costs

- J. There are no findings in these financial statements that are required to be reported in accordance with GASAS.
- K. There are several audit findings but no questioned costs for Federal awards which shall include audit findings as described in 510(a) of OMB Circular A-133. Our audit procedures also included those of HUD Notice PIH 96-53.

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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 and the combining and individual fund and account group financial statements of the Housing Authority of the City of Crowley, Louisiana as and for the year ended September 30, 1997, 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. These 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.

As described in Note A, the authority's policy is to prepare its financial statements on the basis of accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. This report is intended solely for filing with the Department of Housing and Urban Development and is not intended for any other purpose.

In our opinion, the general-purpose financial statements and the combining and individual fund and account group 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, 1997 and the results of its operations and changes in its surplus for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 1998 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.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statement 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.

Ester and Associates

Fort Worth, Texas
March 11, 1998

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1997

	Governmental Fund Types				Proprietary Fund Types		Account Groups		
	General	Special Revenue	Debt Service	Capital Projects	Total and Agency	General Fund Assets	General Long-Term Debt	Total (Manufacturing Only)	
ASSETS									
Cash and cash equivalents	\$ 153,515.58	\$ 79,721.00	\$	\$	\$ 233,236.58	\$	\$	\$ 78,721.00	
Investments								182,408.28	
Receivables, net of allowances								1,551.08	
Prepays	1,551.08	148.79						150.79	
Due from:									
Other funds	181,874.88							181,874.88	
Other governments			668,487.81					668,487.81	
Proposed expenditures	26,408.84					10,844,803.71		26,408.84	
Property plant and equipment								10,844,803.71	
Amount to be provided for retirement of general long term debt								1,798,268.37	
Total Assets	\$ 227,278.98	\$ 79,871.79	\$ 668,487.81	\$ 0.00	\$ 895,638.58	\$ 10,844,803.71	\$ 1,798,268.37	\$ 12,757,819.85	

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
 SEPTEMBER 30, 1997

	Governmental Fund Types				Fiduciary Fund		Actual Budget		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and	General Fund Assets	General Long-Term Debt		
LIABILITIES AND FUND									
LIABILITIES									
Accounts payable	\$ 11,219.29	\$ 2,490.01	\$	\$	\$	\$	\$	\$	\$ 14,709.30
Accrued liabilities	154,656.82								154,656.82
Due to:									
Tirents					28,284.00				28,284.00
Other funds		22,228.08		151,275.82					181,874.90
Other governments									22,228.08
General obligation bonds payable and other liabilities									
Total liabilities	166,096.11	25,278.01	0.00	151,275.82	28,284.00	0.00	1,790,289.37	1,790,289.37	2,190,128.24
FUND EQUITY									
Investment in general fund assets									10,644,600.71
Fund balances:									
Reserved for capital projects			808,487.81	(951,275.82)					181,874.99
Reserved for debt service									260,400.91
Unreserved	55,590.64	55,558.48							215,152.13
Undesignated									
Total Fund Equity	55,590.64	55,558.48	808,487.81	(151,275.82)	0.00	10,644,600.71	0.00	0.00	10,958,469.59
Total liabilities and Fund Equity	\$ 327,530.85	\$ 79,271.79	\$58,487.81	\$	\$ 28,284.00	\$ 10,644,600.71	\$ 1,790,289.37	\$	\$15,127,618.25

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED SEPTEMBER 30, 1997

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES					
Rentals	\$ 548,128.85	\$	\$	\$	\$ 548,128.85
Intergovernmental	289,858.20	888,808.00	148,923.00	689,189.00	1,817,895.00
Interest	2,301.89	3,019.08			5,320.97
Other	120,882.82				120,882.82
Total Revenues	<u>981,072.74</u>	<u>891,827.08</u>	<u>148,923.00</u>	<u>689,189.00</u>	<u>2,301,995.27</u>
EXPENDITURES					
Administration	98,842.44	67,791.00			166,633.44
Utilities	271,703.12				271,703.12
Ordinary maintenance	297,408.68				297,408.68
General expenditures	188,200.89				188,200.89
Extraordinary maintenance	5,000.00				5,000.00
Housing assistance payments		582,586.00			582,586.00
Other direct program costs	30,893.18	2,080.00			32,973.18
Capital expenditures	7,330.47			651,044.87	658,375.34
Debt service:					
Principal retirement			89,699.72		89,699.72
Interest			75,712.50		75,712.50
Total expenditures	<u>978,143.99</u>	<u>872,227.00</u>	<u>145,412.22</u>	<u>651,044.87</u>	<u>2,467,218.08</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,928.75</u>	<u>19,600.08</u>	<u>3,510.78</u>	<u>(1,855.87)</u>	<u>(108,283.87)</u>
OTHER FINANCING SOURCES(USES)					
Operating transfers in					0.00
Operating transfers out					0.00
Total other financing sources(uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE, beginning of year	<u>115,089.09</u>	<u>53,195.40</u>	<u>295,897.16</u>		<u>464,172.65</u>
FUND BALANCE, end of year	<u>\$ 158,017.84</u>	<u>\$ 53,195.48</u>	<u>\$ 299,407.16</u>	<u>\$ (1,855.88)</u>	<u>\$ 468,665.20</u>

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL FUND AND SPECIAL REVENUE FUNDS
 YEAR ENDED SEPTEMBER 30, 1997

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Fees	\$558,500.00	\$548,125.00	\$ 10,375.00	\$	\$	\$ 0.00
Intergovernmental	200,000.00	208,950.00	8,950.00	692,387.00	689,808.00	2,579.00
Interest	13,400.00	2,361.00	(11,039.00)		3,818.00	3,818.00
Other income	153,100.00	152,892.82	207.18			207.18
Total Revenues	\$925,000.00	\$913,326.82	\$ 11,673.18	\$92,387.00	\$92,627.00	(\$ 240.00)
EXPENDITURES						
Administration	117,400.00	95,842.44	21,557.56	91,559.00	87,371.00	4,188.00
Utilities	316,000.00	311,300.13	4,699.87			4,699.87
Ordinary maintenance	958,100.00	937,493.68	20,606.32			20,606.32
Other services	48,500.00	36,894.18	11,605.82	8,499.00	2,008.00	6,491.00
General expenditures	187,700.00	185,000.00	2,700.00			2,700.00
Extraordinary maintenance	5,000.00	5,000.00		(794.00)		794.00
Housing assistance payments			0.00	594,400.00	582,508.00	11,892.00
Capital expenditures	8,040.00	7,338.41	701.59			701.59
Total Expenditures	\$1,690,740.00	\$1,669,868.74	\$ 20,871.26	\$92,387.00	\$92,627.00	(\$ 240.00)
Excess (deficiency) of revenues over (under) expenditures	\$ 234,260.00	\$ 243,458.08	\$ 9,198.08	\$	\$	\$ 0.00
Transfer of net income to unreserved fund				0.00	808.00	808.00
FUND BALANCES, beginning of year		<u>118,858.29</u>				
FUND BALANCES, end of year		<u>\$128,056.37</u>			<u>\$ 128,056.37</u>	

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 DEBT SERVICE AND CAPITAL PROJECTS FUNDS
 YEAR ENDED SEPTEMBER 30, 1997

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Remainder	\$140,000.00	\$140,000.00	\$ 0.00	\$699,100.00	\$ 498,100.00	\$ 201,000.00
Total Revenues	<u>140,000.00</u>	<u>140,000.00</u>	<u>0.00</u>	<u>699,100.00</u>	<u>498,100.00</u>	<u>201,000.00</u>
EXPENDITURES						
Capital expenditures	60,000.00	60,000.00	0.00	400,100.00	650,044.67	(111,079.66)
Debt Service:						
Principal retirement	75,712.50	75,712.50	0.00			0.00
Interest	14,287.50	14,287.50	0.00	400,100.00	650,044.67	(111,079.66)
Total Expenditures	<u>150,000.00</u>	<u>150,000.00</u>	<u>0.00</u>	<u>800,200.00</u>	<u>1,300,089.34</u>	<u>(499,889.34)</u>
Excess (deficiency) of revenues over (under) expenditures						
Transfer of net income to unreserved deficit	\$ 3,000.00	\$ 3,000.00	\$ 0.00	\$ 0.00	\$ (110,985.66)	\$ 107,985.66
FUND BALANCES, beginning of year		250,000.00				
FUND BALANCES, end of year		<u>\$253,000.00</u>			<u>\$ 147,114.34</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, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 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, 1997, 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 CROWLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1997

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.

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1997

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.

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1997

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 encumbrances. 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, 1997.

(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.

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1997

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, 1997, the Authority had invested excess funds as follows:

	<u>Amount</u>
Money Market Account	\$ 132,048.07
Certificate of Deposits	<u>50,063.21</u>
	<u>\$ 182,111.28</u>

Cash and investments are insured as follows:

FDIC Insurance	\$ 151,212.09
Collateralized by pledged securities	<u>110,819.19</u>
	<u>\$ 262,031.28</u>

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1997

NOTE C - ACTIVITIES OF THE PHA

At September 30, 1997, the PHA was managing 355 units of Low-Rent in six projects under Program PW — 561, 352 units of Section 8 Existing under Program LA 020E, and 13 units Section 8 Voucher under Program LA 029Y.

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.

NOTE E - PROPERTY, PLANT AND EQUIPMENT

General fixed assets account group are as follows:

	<u>End of Period</u>
Land, land improv. & buildings	\$ 10,383,098.89
Equipment	<u>291,708.02</u>
Total	<u>\$ 10,674,806.91</u>

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.

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1997

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

	<u>Principal Balance</u>
Bond payable	\$ 1,786,265.37

The bonds mature in series annually in varying amounts. All required debt service to maturity on the bonds, 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	\$ 1,855,956.09
Principal retirement	<u>69,690.72</u>
Balance, end of period	\$ <u>1,786,265.37</u>

Schedule retirements of long-term debt is as follows:

1998	\$ 76,940.53
1999	84,120.34
2000	91,440.15
2001	98,699.96
2002	105,939.77
Thereafter	1,329,094.62

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

NOTES TO FINANCIAL STATEMENTS

(Continued)

SEPTEMBER 30, 1997

NOTE G - 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.

Long Term Debt:

It is not possible to estimate the fair value of long term debt owed to the federal government by this governmental entity, a housing authority. The housing authority is unable, by law, to secure long term financing from any other source. FASB 107 describes fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

NOTE H - 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 I - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of these financial statements requires the use of estimates by management. No significant estimates have been made by management that require disclosure.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

SPECIAL REVENUE FUND TYPES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SEPTEMBER 30, 1997

	Assisted Housing Programs		
	Existing Units Program	voucher Program	Total
REVENUES			
from governmental interest	\$ 607,470.00	\$ 22,395.00	\$ 629,865.00
	3,018.96		3,018.96
Total Revenues	610,488.96	22,395.00	632,883.96
EXPENDITURES			
Administration	84,414.50	3,367.00	87,781.50
Housing assistance payments	640,360.00	18,144.00	658,504.00
Other direct program costs	1,800.00	80.00	2,000.00
Total Expenditures	646,574.50	21,591.00	668,165.50
Excess (deficiency) of revenues over (under) expenditures	200.96	(1,196.00)	600.96
FUND BALANCES, beginning of year	52,521.40	676.00	53,197.40
FUND BALANCES, end of year	\$ 52,314.40	\$ 480.00	\$ 52,794.40

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 CAPITAL PROJECT FUND TYPES
 COMBINING BALANCE SHEET
 SEPTEMBER 30, 1997

	CMP Housing Programs		
	CMP 1996	CMP 1997	Total
ASSETS			
Due from:			
Other funds	\$ 15,911.32	\$	\$ 15,911.32
Total Assets	\$ 15,911.32	\$ 0.00	\$ 15,911.32
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Due to:			
Other governments	\$	\$ 187,297.26	\$ 187,297.26
Total liabilities	\$ 0.00	\$ 187,297.26	\$ 187,297.26
FUND EQUITY			
Reserved for capital projects	15,911.32	(187,297.26)	(159,075.66)
Total fund equity	15,911.32	(187,297.26)	(159,075.66)
Total liabilities and fund equity	\$ 15,911.32	\$ 0.00	\$ 15,911.32

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

CAPITAL PROJECT FUND TYPES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SEPTEMBER 30, 1997

CAP Housing Programs

	CAP 1996	CAP 1997	Total
REVENUES			
Intergovernmental	\$ 406,169.00	\$ 0.00	\$ 406,169.00
Total Revenues	406,169.00	0.00	406,169.00
EXPENDITURES			
Capital expenditures	488,267.26	187,787.26	676,054.52
Total Expenditures	488,267.26	187,787.26	676,054.52
Excess (Deficiency) of revenues over (under) expenditures	15,811.74	(187,787.26)	(171,975.52)
FUND BALANCE, beginning of year			0.00
FUND BALANCE, end of year	\$ 15,811.74	\$187,787.26	\$191,599.00

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

FIDUCIARY FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1997

	<u>Agency Funds</u>	
	Tenant Security Deposit Funds	Total Fiduciary Funds
ASSETS		
Cash and cash equivalents	\$ 28,894.00	\$ 28,894.00
Total Assets	\$ 28,894.00	\$ 28,894.00
LIABILITIES		
Due to tenants	\$ 28,894.00	\$ 28,894.00
Total Liabilities	\$ 28,894.00	\$ 28,894.00

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 FIDUCIARY FUNDS
 SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS
 SEPTEMBER 30, 1997

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$ 27,535.00	\$ 27,535.00
ADDITIONS		
Receipt from tenants	<u>1,359.00</u>	<u>1,359.00</u>
Total Additions	<u>1,359.00</u>	<u>1,359.00</u>
DEPOSIT BALANCES AT END OF YEAR	<u>\$ 28,894.00</u>	<u>\$ 28,894.00</u>

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

HOUSING AUTHORITY OF THE CITY OF CROWLEY

BALANCE SHEET — STATUTORY BASIS
SEPTEMBER 30, 1997ANNUAL CONTRIBUTION CONTRACT
PW — 561ASSETS

Cash - Exhibit F(1)	\$	0.00
Accounts receivable - tenants		1,561.08
Investments - Note B		132,409.28
Debt amortization funds		393,407.81
Deferred charges		39,426.54
Land, structures and equipment		<u>11,271,113.39</u>
Total Assets	\$	<u>11,735,910.01</u>

LIABILITIES AND SURPLUS

Accounts payable - other	\$	40,213.28
Accrued liabilities		154,890.00
Fixed liabilities		<u>1,766,365.37</u>
Total Liabilities		1,961,468.65
Surplus - Exhibit C(1)		<u>9,774,441.36</u>
Total Liabilities and Surplus	\$	<u>11,735,910.01</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

BALANCE SHEET — STATUTORY BASIS
SEPTEMBER 30, 1997ANNUAL CONTRIBUTION CONTRACT
LA 000CE / LA 000VASSETS

Cash	\$	70,721.00
Accounts receivable		150.79
Land, structures and equipment		<u>24,730.08</u>
Total Assets	\$	<u>104,606.87</u>

LIABILITIES AND SURPLUS

Accounts payable - HUD - Exhibit D(2) & D(3)	\$	22,500.00
Accounts payable - other		<u>3,485.31</u>
Total Liabilities		26,075.31
Surplus - Exhibit C(2)		<u>78,531.56</u>
Total Liabilities and Surplus	\$	<u>104,606.87</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT

FR – 581

	Year Ended
	<u>09-30-07</u>
Operating Income	
Dwelling rental	\$ 473,129.89
Excess utilities	75,000.94
Interest on general fund investments	2,261.69
Other income	<u>133,692.82</u>
Total Operating Income - Exhibit C(1)	<u>684,085.34</u>
Operating Expenses	
Administration	121,946.78
Tenant Expense	30,693.15
Utilities	315,103.12
Ordinary maintenance and operation	297,460.89
General expense	173,164.56
Nonroutine maintenance	<u>5,099.20</u>
Total Operating Expense - Exhibit C(1)	<u>933,511.49</u>
Net Operating Income (Loss)	<u>(249,426.15)</u>
Other Credits	
Gain or loss from disposition of nonresponsible equipment	<u>109,252.18</u>
Total Other Credits	<u>109,252.18</u>
Other Charges	
Interest on notes and bonds payable	75,712.76
Prior year adjustments - affecting residual receipts	<u>6,697.81</u>
Total Other Charges	<u>82,410.57</u>
Net Loss - Exhibit C(1)	\$ <u>(231,289.54)</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT
LA 030CE

	Year Ended
	<u>03-30-07</u>
Operating Income	
Other Income	\$ 3,019.08
Total Operating Income - Exhibit D(2)	<u>3,019.08</u>
Operating Expenses	
Administration	94,414.00
Housing assistance payments	563,368.00
IPA	1,920.00
Total Operating Expense - Exhibit D(2)	<u>649,696.00</u>
Net Operating Income (Loss)	<u>(646,676.92)</u>
Net Loss - Exhibit D(2)	\$ <u>(646,676.92)</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS
 ANNUAL CONTRIBUTION CONTRACT
LA 0394

		<u>Year Ended</u>
		<u>09-30-87</u>
Operating Income		
Interest on general fund investments	\$	<u>0.00</u>
Total Operating Income - Exhibit D(2)		<u>0.00</u>
Operating Expenses		
Administration		3,307.00
Housing assistance payments		19,144.00
IPA		<u>80.00</u>
Total Operating Expense - Exhibit D(2)		<u>22,531.00</u>
Net Operating Income (Loss)		<u>(22,531.00)</u>
Net Loss - Exhibit G(2)	\$	<u>(22,531.00)</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1997ANNUAL CONTRIBUTION CONTRACT
FW — 331Unreserved Surplus

Balance per prior audit at 09-30-96	\$	(5,143,206.48)
Prior audit adjustment		1,593.88
Net loss for the year ended 09-30-97 - Exhibit B(1)		(231,269.54)
(Provision for) reduction of Operating Reserve for year ended 09-30-97 - Exhibit C(1)		(40,247.19)
Balance at 09-30-97		<u>(6,413,149.53)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 09-30-96		112,346.04
Provision for (reduction of) Operating Reserve for the year ended 09-30-97 - Exhibit C(1)		40,247.19
Balance at 09-30-97 - Exhibit F(1)	\$	<u>152,593.23</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1997ANNUAL CONTRIBUTION CONTRACT
PW-561**Cumulative HUD Contributions**

Balance per prior audit at 09-30-96	\$	11,738,186.46
Annual contribution for year ended 09-30-97 - Exhibit D(1)		148,803.09
Operating subsidy for year ended 09-30-97		<u>299,888.00</u>
Balance at 09-30-97		<u>12,186,754.38</u>

Cumulative HUD Grants

Balance per prior audit at 09-30-96		3,329,373.09
Advances for year ended 09-30-97		<u>469,169.02</u>
Balance at 09-30-97		<u>3,828,542.66</u>
Total Surplus - Exhibit A(1)	\$	<u>8,754,740.73</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

ANALYSIS OF SURPLUS – STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1997

ANNUAL CONTRIBUTION CONTRACT

LA 029CE / LA 029VUnreserved Surplus

Balance per prior audit at 09-30-96	\$	0.00
Net loss for the year ended 09-30-97 - Exhibit B(2)		(948,879.00)
Net loss for the year ended 09-30-97 - Exhibit B(3)		(22,531.00)
(Provision for) reduction of Operating Reserve for year ended 09-30-97 - Exhibit D(2)		23,480.00
(Provision for) reduction of Operating Reserve for year ended 09-30-97 - Exhibit D(3)		875.00
(Provision for) reduction of Project Account for year ended 09-30-97 - Exhibit D(2)		(256,104.00)
(Provision for) reduction of Project Account for year ended 09-30-97 - Exhibit D(3)		(4,511.00)
Balance at 09-30-97		<u>(905,467.92)</u>

Reserved Surplus - Operating Reserves

Balance per prior audit at 09-30-96		77,931.48
Provision for (reduction of) Operating Reserve for the year ended 09-30-97 - Exhibit D(2)		(23,480.00)
Provision for (reduction of) Operating Reserve for the year ended 09-30-97 - Exhibit D(3)		(875.00)
Balance at 09-30-97	\$	<u>53,798.48</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED SEPTEMBER 30, 1997ANNUAL CONTRIBUTION CONTRACT
LA 0290E / LA 029V

Project Account		
Balance per prior audit at 09-30-96	\$	0.00
Provisions for (reduction of) Project Account for year ended 09-30-97 - Exhibit C(2)		258,104.00
Provisions for (reduction of) Project Account for year ended 09-30-97 - Exhibit C(3)		4,911.00
Balance at 09-30-97		<u>263,015.00</u>
Cumulative HUD Contributions		
Balance per prior audit at 09-30-96		0.00
Annual contribution for year ended 09-30-97 - Exhibit C(2)		647,470.00
Annual contribution for year ended 09-30-97 - Exhibit C(3)		22,308.00
Balance at 09-30-97		<u>669,778.00</u>
Total at 09-30-97	\$	<u>718,531.58</u>

HOUSING AUTHORITY OF THE CITY OF GROWLEY

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
FR - 501

	Year Ended
	<u>09-30-07</u>
Computation of Residual Receipts	
Operating Receipts	
Operating Income - Exhibit B(1)	\$ 681,380.34
HUD operating subsidy	239,055.00
Total Operating Receipts	<u>920,435.34</u>
Operating Expenditures	
Operating expenses - Exhibit B(1)	938,511.49
Capital expenditures:	
Replacement of nonexpendable equipment	504.48
Property betterments and additions	6,935.93
Prior year adjustments - affecting residual receipts	26,598.47
Total Operating Expenditures	<u>972,450.37</u>
Residual receipts (deficit) per audit before provision for reserve	5,984.97
Audit adjustments (backed out)	<u>34,562.32</u>
Residual receipts per PHA before provision for reserve	40,547.29
(Provision for) or reduction of operating reserve - Exhibit C(1)	<u>(46,247.19)</u>
Residual receipts per PHA	\$ 0.00

HOUSING AUTHORITY OF THE CITY OF CROWLEY

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT

FW - 581

		<u>Year Ended</u> <u>06-30-97</u>
<u>Computation of Accruing Annual Contributions</u>		
Road annual contribution	\$	<u>149,900.00</u>
Total Annual Contribution - Exhibit C(1)	\$	<u>149,900.00</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND
PROJECT ACCOUNT — OPERATING RESERVE CHARGES
HOUSING ASSISTANCE PAYMENTS PROGRAM

ANNUAL CONTRIBUTION CONTRACT

LA 033CE

		<u>Year Ended</u>
		<u>09-30-97</u>
Maximum Contribution Available		
Maximum annual contribution authorized	\$	903,574.00
Project account balance at beginning of fiscal year		
Total Annual Contribution Available		<u>903,574.00</u>
Annual Contribution Required		
Housing assistance payments		563,392.00
Administrative fee		79,357.00
Hand-to-house fee		5,893.00
Independent public accountant audit costs		1,930.00
		<u>650,499.00</u>
Project receipts other than annual contribution		<u>3,019.00</u>
Total Contribution Required - Exhibit C(2)		<u>647,479.00</u>
Excess in Annual Contribution Available	\$	<u>256,104.00</u>
Year-end Settlement		
Annual contribution due for fiscal year		647,479.00
Total partial payments received by PHA for fiscal year		<u>629,748.00</u>
(Over) Under Payment Due (HUD) PHA	\$	<u>(18,278.00)</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND
PROJECT ACCOUNT – OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAMANNUAL CONTRIBUTION CONTRACT
LA 039CE

	Year Ended
	<u>08-30-97</u>
Status of Project Account	
Project account balance at the beginning of fiscal year	\$ 0.00
Increase (decrease) during fiscal year - Exhibit C(2)	258,104.00
	<u>258,104.00</u>
Provision for Operating Reserve	
Operating receipts	
Operating income - Exhibit B(2)	3,019.00
Annual contributions earned	647,470.00
	<u>650,489.00</u>
Operating Expenditures	
Operating expenses - Exhibit B(2)	649,696.00
Equipment purchased	24,263.00
	<u>673,959.00</u>
Residual receipts (deficit) before provision for operating reserve	(23,460.00)
Audit adjustments - backed out	
(Provision for) reduction of operating reserve - Exhibit C(2)	23,460.00
Residual receipts (deficit) per PHA	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND
PROJECT ACCOUNT – OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM

ANNUAL CONTRIBUTION CONTRACT

LA 0894

	<u>Year Ended</u>
	<u>06-30-97</u>
Maximum Contribution Available	
Maximum annual contribution authorized	\$ 26,648.00
Project account balance at beginning of fiscal year	0.00
Total Annual Contribution Available	<u>26,648.00</u>
Annual Contribution Required	
Housing assistance payments	19,144.00
Administrative fee	3,114.00
Independent public accountant audit costs	60.00
	<u>22,358.00</u>
Project receipts other than annual contribution	_____
Total Contribution Required - Exhibit C(2)	<u>22,358.00</u>
Excess in Annual Contribution Available	\$ <u>4,311.00</u>
Year-end Settlement	
Annual contribution due for fiscal year	22,358.00
Total partial payments received by PHA for fiscal year	<u>26,648.00</u>
(Over) Under Payment (Due (HUD) PHA)	\$ <u>(4,311.00)</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND
PROJECT ACCOUNT -- OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM

ANNUAL CONTRIBUTION CONTRACT

LA 022V

	Year Ended
	<u>09-30-97</u>
Status of Project Account	
Project account balance at the beginning of fiscal year	\$ 0.00
Increase (decrease) during fiscal year - Exhibit C(2)	4,311.00
	<u>4,311.00</u>
Provision for Operating Reserve	
Operating receipts	
Operating income - Exhibit B(3)	0.00
Annual contributions earned	22,326.00
	<u>22,326.00</u>
Operating Expenditures	
Operating expenses - Exhibit B(2)	22,531.00
Equipment purchased	492.00
	<u>23,023.00</u>
Residual receipts (deficit) before provision for operating reserve	(697.00)
Audit adjustments - backed out	
(Provision for) reduction of operating reserve - Exhibit C(2)	676.00
Residual receipts (deficit) per PHA	\$ <u>0.00</u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
 ANNUAL CONTRIBUTION CONTRACT
PW-551

1. The Actual Modernization Costs of Project 1995 are as follows:

Funds Approved	\$	526,166.00
Funds Expended		<u>526,166.00</u>
Excess of Funds Approved	\$	<u>0.00</u>
Funds Advanced	\$	526,166.00
Funds Expended		<u>526,166.00</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 December 19, 1995 accompanying the Actual Modernization Cost 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.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 STATEMENT OF COMP GRANT COSTS — UNCOMPLETED
 SEPTEMBER 30, 1997

	Project 1996	Project 1997
Funds Approved	\$ 583,828.00	\$ 581,000.00
Funds Expended	<u>483,257.29</u>	<u>167,787.98</u>
Excess of Funds Approved	\$ <u>100,570.71</u>	\$ <u>413,212.02</u>
Funds Advanced	\$ 488,168.02	\$ 0.00
Funds Expended	<u>483,257.29</u>	<u>167,787.98</u>
Excess of Funds Advanced - Exhibit E(1)	\$ <u>4,910.73</u>	\$ <u>(167,787.98)</u>

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:		
Operating reserves - Exhibit C(1)	\$	152,593.23
Audit adjustments to net operating receipts		19,751.66
Excess funds from prior audit		8,116.93
Ineligible expenditures		(1,598.00)
Excess modernization funds - Exhibit E(2)		<u>121,875.82</u>
		19,990.57

Adjustments

Expenses/costs not paid:		
Accounts payable	40,213.26	
Accrued payments in lieu of taxes	154,690.65	
Current fund imbalance	(10,506.03)	

Income not received:

Accounts receivable	<u>(1,551.00)</u>
---------------------	-------------------

General Fund Cash Available 202,837.82

General Fund Cash:

Invested	(165,409.26)
Applied to deferred charges (prepaid insurance, inventories, etc.)	<u>(20,428.54)</u>

General Fund Cash - Exhibit A(1) \$ 0.00

HOUSING AUTHORITY OF THE CITY OF CROWLEY
 ANALYSIS OF GENERAL FUND CASH BALANCE
 ANNUAL CONTRIBUTION CONTRACT
FW - 001

Composition Before Adjustments	
Net operating receipts retained	
Operating reserves - Exhibit G(2)	\$ <u>63,796.48</u>
	63,796.48
Adjustments	
Expenses/costs not paid	
Accounts payable	26,675.31
Income not received:	
Accounts receivable	<u>(150.79)</u>
General Fund Cash Available	<u>76,921.00</u>
General Fund Cash - Exhibit A(2)	<u>\$ <u>76,921.00</u></u>

HOUSING AUTHORITY OF THE CITY OF CROWLEY

GENERAL COMMENTS

Also, see Schedule of Audit Findings.

1. Larry Dubose was Executive Director from July 1994 until February 1998. In July 1994, according to the rental register, there were 113 vacant units. According to the rental register, there were 57 vacant units on the last day of our audit period, 09-30-97.
2. In September 1997, the first of two scheduled \$ 1,800.00 payments were made to E. Hunter & Associates, Inc. The second \$ 1,800.00 payment was made after year-end. The description on the check voucher says "to form Crowley Housing Non-Profit Corporation", "provide technical assistance in organizing the Community Base Organization" and develop the "Article of Incorporation and Bylaws" and "Request a Federal Identification Number". Per a conversation with the former Executive Director, this is still a "shell" corporation. The new Executive Director plans to consult legal council or otherwise determine the PHA's oversight responsibility to this corporation.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED SEPTEMBER 30, 1997

<u>FEDERAL GRANTOR</u> <u>PROGRAM TITLE</u>	<u>CFDA</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	14.850	FW- 561	\$ 148,903.00	\$ 148,903.00
Operating Subsidy	14.850	FW- 561	299,655.00	299,655.00
Major Program Total ^{1/}			<u>448,558.00</u>	<u>448,558.00</u>
Section 8 Hap -				
Existing	14.156	FW- 561	647,470.00	647,470.00
Voucher	14.177	FW- 561	22,338.00	22,338.00
Major Program Total			<u>669,808.00</u>	<u>669,808.00</u>
Comprehensive				
Grants -				
Project 1006	14.859	FW- 561	493,166.02	493,257.29
Project 1667	14.859	FW- 561		167,767.38
Major Program Total			<u>493,166.02</u>	<u>661,024.67</u>
Total HUD			<u>\$ 1,617,536.06</u>	<u>\$ 1,769,411.60</u>

^{1/} The Department of Housing and Urban Development has guaranteed through the Annual Contribution Contract of the Housing Authority of Crowley's bonded indebtedness. This bonded indebtedness was \$ 1,769,365.37 at September 30, 1997.

ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
4400 AIRPORT FREEWAY - SUITE 100
PORT HORTON, TEXAS 76117

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MEMPHIS
MEMPHIS INTERNATIONAL COURSE
FERRY BRIDGE/BLVD

4400 AIRPORT FREEWAY, SUITE 100

**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

Compliance

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* and HUD Notice PIH 99-53 that are applicable to each of its major federal programs for the year ended September 30, 1997. 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, *Compliance with Laws, Regulations, Contracts, and Grants of Federal Agencies*; and HUD Notice PIH 99-53. 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 considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of the City of Crowley, Louisiana's compliance with those requirements.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

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, 1997.

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.

Estes and Associates

Fort Worth, Texas
March 11, 1998

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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 Government 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, 1997, and have issued our report thereon dated March 11, 1998. 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.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Crowley, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the 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 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.

Estes and Associates

Fort Worth, Texas
March 11, 1998

HOUSING AUTHORITY OF THE CITY OF CROWLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 1997

See General Comments

Prior Audit Findings

None.

The former Executive Director, Larry Dubose, resigned in early February 1996. The current Executive Director, Ken Habitz, was hired shortly thereafter.

Current Audit Findings

Questioned
Cost

- 1) According to the rental register, Johnny Murray lived in unit #171 for audit months October 1995 into March 1997. From a portion of March 1997 through the end of the audit period, September 1997, according to the rental register, he occupied unit #206. Per Murray's tenant file, he initially moved into the PHA in April 1995. According to his tenant file, he transferred from #207 to #171 in June 1995.

According to his personnel file, Murray ceased being an employee in February 1997. An adopted Board Resolution allows maintenance men to live at the PHA for a \$ 50 monthly rent.

Our finding is as follows: Johnny Murray's rent should have been recalculated when he ceased being a housing employee.

We also note that per rental receipt records, the rent for Johnny Murray's unit #206 for June 1997 was paid by the former Executive Director, Larry Dubose. The validated rental receipt says "Larry Dubose - \$ 50". This payment by Mr. Dubose does not violate federal law. As far as it can be determined, it does not violate state law, nor does it appear to violate the Louisiana Code of Ethics Law for Public Officers and Public Employees. However, we believe we are required to bring this payment by Mr. Dubose for Mr. Murray to the Board's attention.

There is nothing in Mr. Murray's tenant file to indicate this was a show or display apartment.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 1987

Questioned
Cost

Current Audit Findings

Recommendation

The Board of Commissioners should periodically review a list, prepared by the Low Rent Supervisor, of all employees living in the PHA. The Board should also review the rental register (semiannually is suggested) and make a list, per the register, of which employees are living in the units. The two lists should be compared and reconciled. Also, the Board should check to make sure that when someone ceases to be a PHA employee, that their rent is recalculated.

Reply

We will comply with the above.

- 2) The Louisiana Systems Survey and Compliance Questionnaire was prepared by the former Executive Director for the audit year ended September 30, 1987. However, it has yet to be adopted by Board Resolution.

Recommendation

This questionnaire needs to be approved by Board resolution.

Reply

We will comply with the above.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 1997

Questioned
Cost

Current Audit Findings

- 3) The PHMAP for the year ended 09-30-97 was prepared by the former Executive Director. He was unable to provide us with the detail that agreed to answers for Indicator #1.

Recommendation

The PHA did well on an onsite HUD Confirmatory PHMAP review for the year ended 09-30-96. This indicates that the former Executive Director probably also accurately computed the PHMAP answers for the year ended 09-30-97.

However, we recommend the PHA keep available for third party review the answers and detail for all PHMAP indicators. The new E.D. should attend a course, consult with a neighboring PHA, or otherwise become immediately familiar with the PHMAP requirements.

Reply:

We will comply with the above.

- 4) The Board approved by Resolution a write-off of uncollectible tenants' accounts receivable for the year ended 09-30-97. It is not evident from the Minutes whether the Board reviewed the detailed list of tenants being written off.

Recommendation

The Board should review a detail list of the tenants' receivable at time of write-off and note they have done so in the Minutes.

Reply:

We will comply with the above.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 1997

Questioned
Cost

Current Audit Findings

- 6) Actual expenses exceed budgeted amounts in two controlled accounts as follows:

	<u>Budget</u>	<u>Actual</u>
Administrative Salaries	\$ 99,610	\$ 79,756
Total Administration Expense	\$ 117,435	\$ 121,697

Recommendation

The PHA should attempt to keep actual expenses within budgeted amounts.

Reply

We have been trying to do this, and will continue to do so.

- 6) A physical inventory performed around September 30, 1996 counted 348 stoves and 348 refrigerators. The accounting records do not show any purchases during the year ended 08-30-97 of any additional ranges and refrigerators. With the number of units held open for Comp Grant work, this is reasonable. Work orders document the transfer of units between apartments.

Recommendation

The PHA performed a physical inventory of ranges and refrigerators and autos approximately September 30, 1996, and reconciled this count to the general ledger.

As soon as practicable, the PHA should perform another inventory of ranges and refrigerators and reconcile this to the general ledger. This also should be done for all computers and other equipment (this was recently done for autos).

Reply

We will comply with the above.

HOUSING AUTHORITY OF THE CITY OF CROWLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 1997

Questioned
Cost

Current Audit Findings

- 7) Supporting documentation for travel reimbursements is not presently in a concise form. A third party reviewer must search various places for the registration payment that describes the course, elsewhere for the airline ticket purchase, elsewhere for the support of the per diem paid.

Recommendation

A detailed travel request should be used that in one place summarizes the date, place, purpose, detail, and support for the various expenses incurred for the trip.

Reply

We will comply with the above.

HOUSING AUTHORITY OF THE CITY OF CROWLEY

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

SEPTEMBER 30, 1997

	ACCT. # FOR AUDIT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
-1a-	MOG account	1111.01	900.00	1111.01
	Prior year adjustments - affecting residual receipts	6010	308.00	6010
	To adjust for MOG account closed.			
-2-	Insurance expense	4010	15,297.00	6010
	Prepaid insurance	1211	15,297.00	1211
	To adjust for duplication on year-end prepaid insurance.			
-3-	Prior year adjustments - affecting residual receipts	6010	1,893.68	6010
	Cumulative HUD Contributor Investments	2840	10,590.00	2840
		1162	11,500.68	1162
	To post prior audit adjustments.			
-4-	Accounts payable - Section II	1120	23,104.34	1120
	Prior year adjustments - affecting residual receipts	6010	23,104.34	6010
	To adjust payable and receivable to actual.			
-5-	Collection losses	4010	19,285.22	6010
	Accounts receivable	1120	19,285.22	1120
	To adjust per December Board Resolution.			