

RECEIVED
04 DEC -3 AM 11:

**Housing Authority
Of
Town of Cottonport, Louisiana**

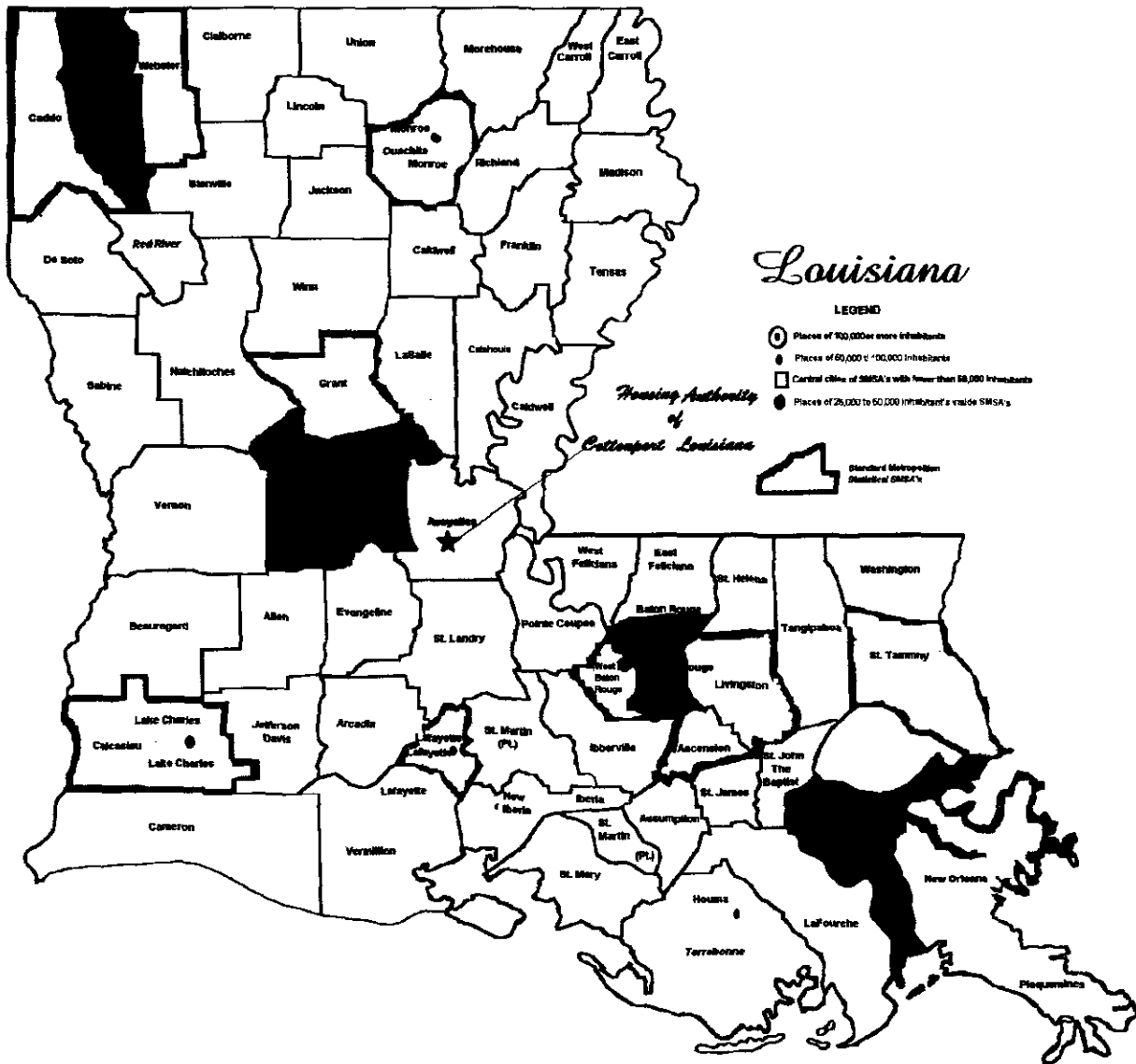
**Financial Statements and
Supplemental Financial Information**

June 30, 2004

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

Release Date 12-15-04

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



Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds. The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners.

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

**Table of Contents
June 30, 2004**

	<u>Page No.</u>
Management's Discussion and Analysis-----	1-2
Independent Auditor's Report On Basic Financial Statements-----	3-4
<u>Basic Financial Statements</u>	
Combined Statement of Net Assets-----	6
Combined Statement of Revenues, Expenses, and Changes In Net Assets – Proprietary Funds-----	7
Combined Statement of Cash Flows-----	8
Notes to the Financial Statements-----	9-15
<u>Other Supplemental Statements and Schedules</u>	
Combining Statement of Net Assets-----	17
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds-----	18-19
Combining Statement of Cash Flows -----	20-21
Schedule of Compensation Paid to Board Members-----	22
Statement and Certification of Actual Modernization Cost-----	23
Audit Adjustments	24
<u>Other Reports</u>	
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	26-27
Schedule of Findings and Questioned Cost-----	28-29
Status of Prior Year Findings	30
Management Letter Comments-----	31

Housing Authority of Cottonport

650 Jacob Drive
Cottonport, LA 71327
Tel: (318) 876-3457
Fax: (318) 876-3728

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Cottonport Housing Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2004. Please read it in conjunction with the Independent Auditor's Report on page 3-4 and the Authority's financial statements on page 6, 7, 8, 17, 18, 19, 20, and 21.

FINANCIAL HIGHLIGHTS:

- The Authority's total combined capital assets (net of accumulated depreciation of \$2,452,875) were \$608,355 while the total net assets were \$727,911 at June 30, 2004. Bonds and notes of the Authority are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.
- During the year, the Authority has a combined loss before capital contributions and prior period adjustments of \$(113,092). There were no capital contributions or prior period adjustments during the year.
- In the Authority's business-type activities, expenses decreased \$(38,963). This decrease in expenses was due in part by a decrease in depreciation expense of \$(86,523). The Authority had a loss of \$(113,092) after operating revenues of \$82,693 and other revenues of \$135,154 in comparison to a \$(63,432) loss in the prior year. This was due to a decrease in federal grants of \$100,360. The Authority had total expenses of \$330,939; of this amount \$236,515 was operating expenses while \$94,424 was depreciation expense which is a non-cash transaction.
- The total cash flow of the Authority's programs had a decrease in cash of \$(20,331) in comparison to a \$(5,112) decrease for the year-end June 30, 2003.
- This is the first year for the PHA to implement the "GASB 34" reporting model.
- Comparative analysis will be available in future years when prior information becomes available.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This annual report consists of three parts - management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include one kind of statement listed below.

- Proprietary fund statements offer short and long-term financial information about the activities the government manages like a business. These services for which the authority charges tenants a fee are reported in this section.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The Authority has the following type of fund:

- Proprietary Funds

CONTACTING THE AUTHORITY'S FINANCIAL MANGEMENT:

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact Keterel Ducote, executive director of the Housing Authority of Cottonport, 650 Jacob Drive, Cottonport, LA 71327, at (318) 876-3457.

JOHN R. VERCHER PC
Certified Public Accountant

P.O.Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

INDEPENDENT AUDITOR'S REPORT ON
BASIC FINANCIAL STATEMENTS

Housing Authority of the
Town of Cottonport
Cottonport, Louisiana

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of Cottonport, Louisiana as of and for the year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of Cottonport, Louisiana's, management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2004, on our consideration of the Housing Authority of Cottonport, Louisiana's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Housing Authority of Cottonport, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as of June 30, 2004.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Cottonport, Louisiana, basic financial statements. The introductory section, combining financial statements, financial data schedule (FDS) and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements, financial data schedule (FDS) and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.

John R. Vercher

Jena, Louisiana
October 15, 2004

Basic Financial Statements

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Combined Statement of Net Assets
June 30, 2004
FW - 438**

ASSETS	Enterprise Funds
Current Assets:	
Cash and cash equivalents	\$ 100,572
Receivables (net of allowances for uncollectibles)	629
Inventory (net of obsolete inventory)	26,682
Prepaid items	10,769
Total Current Assets	\$ 138,652
 Non-Current Assets:	
Capital assets (net of accumulated depreciation)	\$ 608,355
Total Non-Current Assets	\$ 608,355
 TOTAL ASSETS	 \$ 747,007
 LIABILITIES	
Current Liabilities	
Compensated absences	\$ 2,407
Accrued pilot	6,877
Prepaid rents	550
Total Current Liabilities	\$ 9,834
 Non-Current Liabilities	
Compensated Absences	\$ 3,897
Tenant security deposits	5,365
Total Non-Current Liabilities	\$ 9,262
 NET ASSETS	
Invested in capital assets, net of related debt	\$ 608,355
Unrestricted	119,556
 TOTAL NET ASSETS	 \$ 727,911

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Combined Statement of Revenues, Expenses, and Changes In
Net Assets – Proprietary Funds
Year Ended June 30, 2004
FW – 2265**

		<u>Enterprise Fund</u>
Operating Revenues:		
Tenant Revenue	\$	74,886
Other Revenue		7,807
Total Operating Revenue	\$	82,693
 Operating Expenses		
<i>Administration:</i>		
Administrative Salaries	\$	59,323
Compensated Absences		2,096
EBC Administrative		19,667
Audit / Accounting Fees		3,180
Other Operating - Administrative		30,652
<i>Cost of Sales & Service:</i>		
Tenant Services – Other		1,489
Water		198
Electricity		3,331
Other Utilities		533
Ordinary Maintenance – Labor		34,219
Protective Services-other contract costs		7,312
Materials		22,868
Contract Cost		14,629
EBC Maintenance		6,541
Insurance		22,865
Payment in Lieu of Taxes		6,877
Bad Debt Tenants Rents		735
<i>Depreciation</i>		94,424
Total Operating Expenses	\$	(330,939)
 Operating Income (Loss)	 \$	 (248,246)
 Nonoperating Revenue (Expense)		
HUD PHA Operating Grant	\$	123,713
Federal Grants		9,886
Interest Earnings		1,555
Total Nonoperating Revenue (Expenses)	\$	135,154
 Income (Loss) Before Contributions, Transfers and Prior Period Adjustments	 \$	 (113,092)
 Capital Contributions	 \$	 -0-
Prior Period Adjustments		-0-
 Change in Net Assets	 \$	 (113,092)
 Total Net Assets – Beginning		841,003
Total Net Assets - Ending	\$	727,911

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Combining Statement of Cash Flows
Year Ended June 30, 2004
FW - 438**

	Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 82,303
Payments to suppliers	(135,242)
Payments to employees	(92,992)
Payment in lieu of taxes	(6,214)
Net Cash Provided by Operating Activities	\$ (152,145)
Cash Flows From NonCapital Financing Activities	
Subsidy from federal grants	\$ 123,713
Net Cash Provided (used) by NonCapital Financing Activities	\$ 123,713
Cash Flows From Capital and Related Financing Activities	
Other	\$ 6,546
Acquisition and construction of capital assets	-0-
Operating Transfer	9,157
Net Cash Provided (used) by Capital and Related Financing Activities	\$ 15,703
Cash Flows From Investing Activities	
Investments	\$ -0-
Interest and dividends received	1,555
Net Cash Provided (used) by Investing Activities	\$ 1,555
Net Decrease in Cash and Cash Equivalents	\$ (20,331)
Cash, Beginning of Year	120,903
Cash, End of Year	\$ 100,572
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	\$ 248,246
Depreciation Expense	\$ 94,424
(Increase) decrease in accounts receivable	(465)
(Increase) decrease in inventories	(2,571)
Increase (decrease) in accrued pilot	663
(Increase) decrease in prepaid items	1,721
Increase (decrease) in customer deposits	75
Increase (decrease) in accounts payable	(392)
Increase (decrease) in compensated absences	2,096
Increase (decrease) in accrued wages/payroll taxes payable	550
Total Adjustments	\$ 96,101
Net Cash Provided by Operating Activities	\$ (152,145)
Listing of Noncash Investing, Capital, and Financial Activities	
Contributions of capital assets from government	\$ -0-

The accompanying notes are an integral part of this statement

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

Notes to the Financial Statements

INTRODUCTION

The Housing Authority of Cottonport is an apartment complex for persons of low income located in Cottonport, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Cottonport, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Cottonport, Louisiana. Each member serves a four-year term and receives no compensation for their services. 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 for eligible individuals.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The housing authority uses enterprise funds to account for its activities.

Separate financial statements are provided for the proprietary funds.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The housing authority reports the following major proprietary funds:

The Low Rent Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority, except those required to be accounted for in another fund.

The CFP Fund is the housing authority's grant operating fund. It accounts for all financial resources of the capital fund projects.

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

Notes to the Financial Statements - (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The housing authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. *Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.*

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. *The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.*

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The housing authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the housing authority's investment policy allow the housing authority to invest in collateralized certificate of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectives.

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

Notes to the Financial Statements - (Continued)

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the government-wide financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>	
Land improvements	20	years
Buildings and building improvements	20	years
Furniture and fixtures	5	years
Vehicles	5	years
Equipment	5	years

G. Compensated Absences

The housing authority has the following policy relating to vacation and sick leave:

The Authority follows the civil service guidelines for vacation and sick leave. Employee's time is accumulated in accordance to hours worked per month. At year-end, time not used is accumulated.

At June 30, 2004, employees of the PHA have accumulated and vested \$6,304 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at June 30, 2004 was \$2,407 recorded as current obligation and \$3,897 recorded as non-current obligation.

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

Notes to the Financial Statements - (Continued)

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

J. Estimates

The preparation of financial statements inconformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At June 30, 2004, the housing authority has cash and (book balances) totaling \$100,572 as follows:

Demand deposits	\$ 100,572
Total	\$ 100,572

These deposits are stated at cost, which approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2004, the housing authority has \$100,572 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$72,678 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

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

Notes to the Financial Statements - (Continued)

Cash and investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the housing authority or its agent in the housing authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the housing authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the housing authority's name.

At fiscal year-end, the housing authority's cash and investment balances were as follows:

Demand Deposits		\$	100,572

Total		\$	100,572

Type of Investment	Category			Fair Market Value
	1	2	3	
FDIC	\$ 100,000	\$ -0-	\$ -0-	\$ 100,000
Securities	-0-	72,678	-0-	72,678
	\$ 100,000	\$ 72,678	\$ -0-	\$ 172,678

3. RECEIVABLES

The receivables were \$629 as of June 30, 2004:

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

Notes to the Financial Statements - (Continued)

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004, for the primary government is as follows:

<u>Low Rent</u>	<u>Beginning of Period</u>	<u>Additions</u>	<u>Deletions Transfers</u>	<u>End of Period</u>
<i>Business-type activities:</i>				
Capital assets, not being depreciated				
Land	\$ 40,290	\$ -0-	\$ -0-	\$ 40,290
Total capital assets, not being depreciated	\$ 40,290	\$ -0-	\$ -0-	\$ 40,290
Capital assets being depreciated				
Leasehold Improvements	371,325	-0-	-0-	371,325
Buildings	2,461,803	-0-	-0-	2,461,803
Furniture & equipment, etc.	-0-	-0-	-0-	-0-
Total capital assets being depreciated	\$ 2,833,128	\$ -0-	\$ -0-	\$ 2,833,128
Less accumulated depreciation:	2,358,451	94,424	-0-	\$ 2,452,875
Total business-type assets being depreciated, net	\$ 474,677	\$ (94,424)	\$ -0-	\$ 380,253
 <u>CFP</u>				
Fixed Assets	\$ 187,812	\$ -0-	\$ -0-	\$ 187,812

Depreciation expense of \$94,424 for the year ended June 30, 2004 was charged to the following functions:

Buildings	\$ 78,863
Leasehold Improvements	15,561
Total Depreciation Expense	\$ 94,424

5. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$9,834 at June 30, 2004 are as follows:

Accrued Pilot	\$ 6,877
Accrued Wages & Payroll Taxes Payable	550
Compensated Absences	2,407
Total	\$ 9,834

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

Notes to the Financial Statements - (Continued)

6. LONG-TERM OBLIGATIONS

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority, and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.

7. CONTINGENT LIABILITIES

At June 30, 2004, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

**Other Supplemental Statements
and Schedules**

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Combining Statement of Net Assets
June 30, 2004
FW - 438**

	Enterprise Funds			
	Low Rent	Major Enterprise Funds		Total
		2001 CFP	2002 CFP	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 100,572	\$ -0-	\$ -0-	\$ 100,572
Investments	-0-	-0-	-0-	-0-
Receivables (net of allowances for uncollectable)	629	-0-	-0-	629
Inventory (net of obsolete inventory)	26,682	-0-	-0-	26,682
Prepaid items	10,769	-0-	-0-	10,769
Other assets	-0-	-0-	-0-	-0-
Total Current Assets	\$ 138,652	\$ -0-	\$ -0-	\$ 138,652
Non-Current Assets:				
Capital assets (net of accumulated depreciation)	\$ 420,543	\$ 93,398	\$ 94,414	\$ 608,355
Total Non-Current Assets	\$ 420,543	\$ 93,398	\$ 94,414	\$ 608,355
TOTAL ASSETS	\$ 559,195	\$ 93,398	\$ 94,414	\$ 747,007
LIABILITIES				
Current Liabilities				
Compensated absences	\$ 2,407	\$ -0-	\$ -0-	\$ 2,407
Accrued pilot	6,877	-0-	-0-	6,877
Prepaid rents	550	-0-	-0-	550
Total Current Liabilities	\$ 9,834	\$ -0-	\$ -0-	\$ 9,834
Non-Current Liabilities				
Compensated Absences	\$ 3,897	\$ -0-	\$ -0-	\$ 3,897
Tenant security deposits	5,365	-0-	-0-	5,365
Total Non-Current Liabilities	\$ 9,262	\$ -0-	\$ -0-	\$ 9,262
NET ASSETS				
Invested in capital assets, net of related debt	\$ 420,543	\$ 93,398	\$ 94,414	\$ 608,355
Unrestricted	119,556	-0-	-0-	119,556
TOTAL NET ASSETS	\$ 540,099	\$ 93,398	\$ 94,414	\$ 727,911

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana**
**Combining Statement of Revenues, Expenses, and Changes In
Net Assets – Proprietary Funds**
Year Ended June 30, 2004
FW – 2265

	Business-Type Activities – Enterprise Funds		
	Other Enterprise Funds	Major Enterprise Funds	
	Low Rent	2003-501 CFP	2003-502 CFP
Operating Revenues:			
Tenant Revenue	\$ 74,886	\$ -0-	\$ -0-
Other Revenue	7,807	-0-	-0-
Total Operating Revenue	\$ 82,693	\$ -0-	\$ -0-
Operating Expenses			
<i>Administration:</i>			
Administrative Salaries	\$ 59,323	\$ -0-	\$ -0-
Compensated Absences	2,096	-0-	-0-
EBC Administrative	19,667	-0-	-0-
Accounting / Auditing	3,180	-0-	-0-
Other Operating - Administrative	21,495	2,003	-0-
<i>Cost of Sales & Service</i>			
Tenant Services - Other	1,489	-0-	-0-
Water	198	-0-	-0-
Electricity	3,331	-0-	-0-
Gas	533	-0-	-0-
Ordinary Maintenance – Labor	34,219	-0-	-0-
Protective Services-other contract cost	7,312	-0-	-0-
Materials	22,868	-0-	-0-
Contract Cost	14,629	-0-	-0-
EBC Maintenance	6,541	-0-	-0-
Insurance	22,865	-0-	-0-
Payment in Lieu of Taxes	6,877	-0-	-0-
Bad Debt (tenants rent)	735	-0-	-0-
Depreciation	94,424	-0-	-0-
Total Operating Expenses	\$ 321,782	\$ 2,003	\$ -0-
Operating Income (Loss)	\$ (239,089)	\$ (2,003)	\$ -0-
Non-operating Revenue (Expense)			
HUD PHA Operating Grant	\$ 87,445	\$ 11,061	\$ 18,053
Federal Grants	-0-	-0-	-0-
Operating Transfer	27,111	(9,058)	(18,053)
Interest Earnings	1,555	-0-	-0-
Total Non-operating Revenue (Expenses)	\$ 116,111	\$ 2,003	\$ -0-
Income (Loss) Before Contributions, Transfers and Prior Period Adjustments	\$ (122,978)	\$ -0-	\$ -0-
Change in Net Assets	\$ (122,978)	\$ -0-	\$ -0-
Total Net Assets – Beginning	663,077	-0-	-0-
Total Net Assets - Ending	\$ 540,099	\$ -0-	\$ -0-

The accompanying notes are an integral part of this statement.

Business-Type Activities – Enterprise Funds
Major Enterprise Funds

2002		2001		Total
CFP		CFP		
\$	-0-	\$	-0-	\$ 74,886
	-0-		-0-	7,807
\$	-0-	\$	-0-	\$ 82,693
\$	-0-	\$	-0-	\$ 59,323
	-0-		-0-	2,096
	-0-		-0-	19,667
	-0-		-0-	3,180
	4,673		2,481	30,652
	-0-		-0-	1,489
	-0-		-0-	198
	-0-		-0-	3,331
	-0-		-0-	533
	-0-		-0-	34,219
	-0-		-0-	7,312
	-0-		-0-	22,868
	-0-		-0-	14,629
	-0-		-0-	6,541
	-0-		-0-	22,865
	-0-		-0-	6,877
	-0-		-0-	735
	-0-		-0-	94,424
\$	4,673	\$	2,481	\$ 330,939
\$	(4,673)	\$	(2,481)	\$ (248,246)
\$	4,673	\$	2,481	\$ 123,713
	2,366		7,520	9,886
	-0-		-0-	-0-
	-0-		-0-	1,555
\$	7,039	\$	10,001	\$ 135,154
\$	2,366	\$	7,520	\$ (113,092)
\$	2,366	\$	7,520	\$ (113,092)
	92,048		85,878	841,003
\$	94,414	\$	93,398	\$ 727,911

The accompanying notes are an integral part of this statement.

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

**Combining Statement of Cash Flows
Year Ended June 30, 2004
FW - 438**

	Enterprise Funds		
	Low Rent	Major Enterprise Funds	
		2003-501 CFP	2003-502 CFP
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 82,303	\$ -0-	\$ -0-
Payments to suppliers	(126,085)	(2,003)	-0-
Payments to employees	(92,992)	-0-	-0-
Payment in lieu of taxes	(6,214)	-0-	-0-
Net Cash Provided by Operating Activities	<u>\$ (142,988)</u>	<u>\$ (2,003)</u>	<u>\$ -0-</u>
Cash Flows From NonCapital Financing Activities			
operating subsidy	\$ 87,445	\$ 11,061	\$ 18,053
federal grants			
Net Cash Provided (used) by NonCapital Financing Activities	<u>\$ 87,445</u>	<u>\$ 11,061</u>	<u>\$ 18,053</u>
Cash Flows From Capital and Related Financing Activities			
Other	\$ 6,545	\$ -0-	\$ -0-
Operating Transfers	27,111	(9,058)	(18,053)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>\$ 33,656</u>	<u>\$ (9,058)</u>	<u>\$ (18,053)</u>
Cash Flows From Investing Activities			
Investments	\$ -0-	\$ -0-	\$ -0-
Interest and dividends received	1,555	-0-	-0-
Net Cash Provided (used) by Investing Activities	<u>\$ 1,555</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Decrease in Cash	<u>\$ (20,332)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Cash, Beginning of Year	120,904	-0-	-0-
Cash, End of Year	<u>\$ 100,572</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities			
Operating Income	\$ (239,089)	\$ (2,003)	\$ -0-
Depreciation Expense	\$ 94,424	\$ -0-	\$ -0-
(Increase) decrease in accounts receivable	(465)	-0-	-0-
(Increase) decrease in inventories	(2,571)	-0-	-0-
(Increase) decrease in prepaid items	1,721	-0-	-0-
Increase (decrease) in accrued pilot	663	-0-	-0-
Increase (decrease) in customer deposits	75	-0-	-0-
Increase (decrease) in accounts payable	(392)	-0-	-0-
Increase (decrease) in compensated absences	2,096	-0-	-0-
Increase (decrease) in accrued wages/payroll taxes payable	550	-0-	-0-
Total Adjustments	<u>\$ 96,101</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Cash Provided by Operating Activities	<u>\$ (142,988)</u>	<u>\$ (2,003)</u>	<u>\$ -0-</u>
Listing of Noncash Investing, Capital, and Financial Activities			
Contributions of capital assets from government	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of this statement

Enterprise Funds

Major Enterprise Funds		
2002	2001	Total
CFP	CFP	
\$ -0-	\$ -0-	\$ 82,303
(4,673)	(2,481)	(135,242)
-0-	-0-	(92,992)
-0-	-0-	(6,214)
<u>\$ (4,673)</u>	<u>\$ (2,481)</u>	<u>\$ (152,145)</u>
\$ 4,673	\$ 2,481	\$ 123,713
2,366	7,520	9,886
<u>\$ 7,039</u>	<u>\$ 10,001</u>	<u>\$ 133,599</u>
\$ (2,366)	\$ (7,520)	\$ 6,545
-0-	-0-	-0-
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,545</u>
\$ -0-	\$ -0-	\$ -0-
-0-	-0-	1,555
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,555</u>
\$ -0-	\$ -0-	\$ (20,332)
-0-	-0-	120,904
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 100,572</u>
\$ (4,673)	\$ (2,481)	\$ (248,246)
\$ -0-	\$ -0-	\$ 94,424
-0-	-0-	(465)
-0-	-0-	(2,571)
-0-	-0-	1,721
-0-	-0-	663
-0-	-0-	75
-0-	-0-	(392)
-0-	-0-	2,096
-0-	-0-	550
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 96,101</u>
<u>\$ (4,673)</u>	<u>\$ (2,481)</u>	<u>\$ (152,145)</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of this statement

**Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended June 30, 2004
FW - 438**

Board Member	Title
Lester Friels	Chairman of the Board
Lillian Antoine Sampson	Vice- Chairman of the Board
Elizabeth Dobison	Board Commissioner
Reece Chenevert	Board Commissioner
Peter Martin	Former Vice-Chairman of the Board (Term ended 2/26/2004)
Anthony Gremillion	Board Commissioner (as of 2/26/2004)

Board Commissioners received \$60 per monthly meeting (when present).

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

**Statement and Certification of Actual Modernization Cost
Annual Contribution Contract
FW - 438**

	<u>Project 2003-502</u>	<u>Project 2003-501</u>	<u>Project 2002</u>	<u>Project 2001</u>	<u>Total</u>
1. The Actual Modernization Costs are as follows:					
Funds Approved	18,053	90,584	110,096	115,872	334,605
Funds Expended	<u>18,053</u>	<u>11,061</u>	<u>110,096</u>	<u>115,872</u>	<u>255,082</u>
Excess of Funds Approved	<u>-0-</u>	<u>79,523</u>	<u>-0-</u>	<u>-0-</u>	<u>79,523</u>
2. Funds Advanced	18,053	11,061	110,096	115,872	255,082
Funds Expended	<u>18,053</u>	<u>11,061</u>	<u>110,096</u>	<u>115,872</u>	<u>255,082</u>
Excess of Funds Advanced	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

The accompanying notes are an integral part of this statement.

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

**AUDIT ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

Account No.	Description	Debit	Credit
3690	Other Revenue	\$2,049	
3110	Rental Revenue		\$2,049

To adjust rental revenue to tenant rent reports. W/P 30-12

Other Reports

JOHN R. VERCHER PC
Certified Public Accountant
P.O.Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

**INDEPENDENT AUDITOR'S 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
Town of Cottonport
Cottonport, Louisiana

I have audited the financial statements of the business-type activities of the Housing Authority of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Housing Authority of the Town of Cottonport's basic financial statements and have issued my report thereon dated October 15, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Cottonport, Louisiana's financial statements are free of material misstatement, I 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 an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the Housing Authority of the Town of Cottonport, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

John R. Vercher

October 15, 2001
Jena, Louisiana

**HOUSING AUTHORITY OF THE TOWN OF COTTONPORT
COTTONPORT, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2004**

I have audited the basic financial statements which collectively comprise the Housing Authority of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2004 and have issued my report thereon dated October 15, 2004. I conducted my 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. My audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards – (Not Applicable)

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)
-----------------	--------------------------------------

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

**HOUSING AUTHORITY OF THE TOWN OF COTTONPORT
COTTONPORT, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2004**

Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

**HOUSING AUTHORITY OF THE TOWN OF COTTONPORT
COTTONPORT, LOUISIANA**

Status of Prior Year Findings

For the Year Ended June 30, 2004

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Cottonport, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2003.

There were no prior year findings.

JOHN R. VERCHER PC
Certified Public Accountant
P.O.Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MANAGEMENT LETTER COMMENTS

During the course of my audit, I observed conditions and circumstances that may be improved. Below are findings noted for improvement, my recommendation for improvement and the Housing Authority's plan for corrective action.

There are no current year comments.

PHA: LA071 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$100,572	\$0	\$100,572
100	Total Cash	\$100,572	\$0	\$100,572
126	Accounts Receivable - Tenants - Dwelling Rents	\$647	\$0	\$647
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-18	\$0	\$-18
120	Total Receivables, net of allowances for doubtful accounts	\$629	\$0	\$629
142	Prepaid Expenses and Other Assets	\$10,769	\$0	\$10,769
143	Inventories	\$26,683	\$0	\$26,683
143.1	Allowance for Obsolete Inventories	\$-1	\$0	\$-1
150	Total Current Assets	\$138,652	\$0	\$138,652
161	Land	\$40,290	\$0	\$40,290
162	Buildings	\$2,461,803	\$0	\$2,461,803
165	Leasehold Improvements	\$371,325	\$0	\$371,325
166	Accumulated Depreciation	\$-2,452,875	\$0	\$-2,452,875
167	Construction In Progress	\$0	\$187,812	\$187,812
160	Total Fixed Assets, Net of Accumulated Depreciation	\$420,543	\$187,812	\$608,355
180	Total Non-Current Assets	\$420,543	\$187,812	\$608,355
190	Total Assets	\$559,195	\$187,812	\$747,007

PHA: LA071 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
321	Accrued Wage/Payroll Taxes Payable	\$550	\$0	\$550
322	Accrued Compensated Absences - Current Portion	\$2,407	\$0	\$2,407
333	Accounts Payable - Other Government	\$6,877	\$0	\$6,877
341	Tenant Security Deposits	\$5,365	\$0	\$5,365
310	Total Current Liabilities	\$15,199	\$0	\$15,199
354	Accrued Compensated Absences - Non Current	\$3,897	\$0	\$3,897
350	Total Noncurrent Liabilities	\$3,897	\$0	\$3,897
300	Total Liabilities	\$19,096	\$0	\$19,096
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$420,543	\$187,812	\$608,355
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$119,556	\$0	\$119,556
513	Total Equity/Net Assets	\$540,099	\$187,812	\$727,911
600	Total Liabilities and Equity/Net Assets	\$559,195	\$187,812	\$747,007

PHA: LA071 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$74,886	\$0	\$74,886
704	Tenant Revenue - Other	\$7,807	\$0	\$7,807
705	Total Tenant Revenue	\$82,693	\$0	\$82,693
706	HUD PHA Operating Grants	\$87,445	\$36,268	\$123,713
706.1	Capital Grants	\$0	\$9,886	\$9,886
711	Investment Income - Unrestricted	\$1,555	\$0	\$1,555
700	Total Revenue	\$171,693	\$46,154	\$217,847

PHA: LA071 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$59,323	\$0	\$59,323
912	Auditing Fees	\$3,180	\$0	\$3,180
914	Compensated Absences	\$2,096	\$0	\$2,096
915	Employee Benefit Contributions - Administrative	\$19,667	\$0	\$19,667
916	Other Operating - Administrative	\$21,495	\$9,157	\$30,652
924	Tenant Services - Other	\$1,489	\$0	\$1,489
931	Water	\$198	\$0	\$198
932	Electricity	\$3,331	\$0	\$3,331
933	Gas	\$533	\$0	\$533
941	Ordinary Maintenance and Operations - Labor	\$34,219	\$0	\$34,219
942	Ordinary Maintenance and Operations - Materials and Other	\$22,868	\$0	\$22,868
943	Ordinary Maintenance and Operations - Contract Costs	\$14,629	\$0	\$14,629
945	Employee Benefit Contributions - Ordinary Maintenance	\$6,541	\$0	\$6,541
952	Protective Services - Other Contract Costs	\$7,312	\$0	\$7,312
961	Insurance Premiums	\$22,865	\$0	\$22,865
963	Payments in Lieu of Taxes	\$6,877	\$0	\$6,877
964	Bad Debt - Tenant Rents	\$735	\$0	\$735
969	Total Operating Expenses	\$227,358	\$9,157	\$236,515
970	Excess Operating Revenue over Operating Expenses	\$-55,665	\$36,997	\$-18,668
974	Depreciation Expense	\$94,424	\$0	\$94,424
900	Total Expenses	\$321,782	\$9,157	\$330,939
1001	Operating Transfers In	\$27,111	\$0	\$27,111
1002	Operating Transfers Out	\$0	\$-27,111	\$-27,111
1010	Total Other Financing Sources (Uses)	\$27,111	\$-27,111	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-122,978	\$9,886	\$-113,092

PHA: LA071 FYED: 06/30/2004

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$663,077	\$177,926	\$841,003
1120	Unit Months Available	720	0	720
1121	Number of Unit Months Leased	715	0	715