

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED SEPTEMBER 30, 2025

Mike Estes, P.C.
A Professional Accounting Corporation

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1 – 3
Management’s Discussion and Analysis		4 – 10
Basic Financial Statements		
Statement of Net Position	A	11
Statement of Revenues, Expenses, and Changes in Fund Net Position	B	12
Statement of Cash Flows	C	13 – 14
Notes to the Basic Financial Statements		15 – 23
Index		15
Notes to Financial Statements		16 – 23
 <i><u>Other Reports Required by Governmental Auditing Standards</u></i>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		24 – 25
Schedule of Findings and Questioned Costs		26 – 27
Corrective Action Plan		28
Summary Schedule of Prior Audit Findings		29
 <i><u>Supplementary Information</u></i>		
Statement and Certification of Actual Modernization Costs	D(1)	30
Statement of Modernization Costs – Uncompleted	D(2)	31
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Director	D(3)	32
Schedule of Expenditures of Federal Awards		33
Notes to the Schedule of Expenditures of Federal Awards		34
Financial Data Schedules		35 – 42



MIKE ESTES, CPA

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4040 FOSSIL CREEK BLVD. – SUITE 100
FORT WORTH, TEXAS 76137

Phone (817) 831-3556
Fax (817) 831-3558
e-mail: office@mikeestepc.com
website: mikeestepc.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

Independent Auditor's Report

Board of Commissioners
Housing Authority of Cotton Valley
Cotton Valley, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Housing Authority of the Town of Cotton Valley, Louisiana as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of Cotton Valley, Louisiana basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective position, of the Housing Authority of the Town of Cotton Valley, Louisiana as of and for the year ended September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of Cotton Valley, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Cotton Valley, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Cotton Valley, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Managements' Discussion and Analysis on pages 4 to 10 be presented to supplement the basic financial statements.

Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Cotton Valley, Louisiana's basic financial statements. The statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026 on our consideration of the Housing Authority of the Town of Cotton Valley, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Town of Cotton Valley, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the Housing Authority of the Town of Cotton Valley, Louisiana's internal control over financial reporting and compliance.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
March 17, 2026

HOUSING AUTHORITY OF COTTON VALLEY, LA
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
September 30, 2025

The management of Housing Authority of Cotton Valley, LA presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2025. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$146,046 at the close of the fiscal year ended 2025.
 - ✓ Of this amount \$69,774 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts.
 - ✓ The remainder of \$76,272 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 41% of the total operating expenses of \$183,935 for the fiscal year 2025, which means the Authority might be able to operate about 5 months using the unrestricted assets alone, compared to 6 months in the prior fiscal year.
- The Housing Authority's total net position decreased by \$1,780, a 1% decrease from the prior fiscal year 2024.
- The decrease in net position of these funds was accompanied by a decrease in unrestricted cash by \$32,493 from fiscal year 2024.
- The Authority Spent \$11,567 on capital asset additions.
- These changes led to an increase in total assets by \$3,919 and an increase in total liabilities by \$5,699. As related measure of financial health, there are still over \$5 of current assets covering each dollar of total current liabilities, which compares to \$10 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2025?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net position and changes in net position. One can think of the Housing Authority's net position – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Public Housing Capital Fund Program	\$ 31,349
Low Rent Public Housing	<u>75,159</u>
Total funding received this current fiscal year	<u>\$ 106,508</u>

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net position, is an important financial indicator.

FINANCIAL ANALYSIS

The Housing Authority's net position was \$146,046 as of September 30, 2025. Of this amount, \$69,774 was invested in capital assets and \$76,272 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general net position.

Housing Authority of Cotton Valley, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2025

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position
 As of September 30, 2025**

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets	\$ 93,842	\$ 112,938
Capital assets, net of depreciation	<u>69,774</u>	<u>46,759</u>
Total assets	<u>163,616</u>	<u>159,697</u>
LIABILITIES		
Current liabilities	<u>17,570</u>	<u>11,871</u>
Total liabilities	<u>17,570</u>	<u>11,871</u>
NET POSITION		
Invested in capital assets, net of depreciation	69,774	46,759
Unrestricted net position	<u>76,272</u>	<u>101,067</u>
Total net position	<u>\$ 146,046</u>	<u>\$ 147,826</u>

The net position of these funds decreased by \$1,780, or by 1%, from those of fiscal year 2024, as explained below. In the narrative that follows, the detailed factors causing this change are discussed:

Housing Authority of Cotton Valley, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2025

CONDENSED FINANCIAL STATEMENTS (Continued)

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
 Fiscal Year Ended September 30, 2025**

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Tenant Revenue	\$ 70,639	\$ 70,049
HUD grants for operations	106,508	105,641
Other non-tenant revenue	-	1,820
Total operating revenues	<u>177,147</u>	<u>177,510</u>
OPERATING EXPENSES		
General	34,011	31,895
Ordinary maintenance and repairs	43,499	54,064
Administrative expenses and management fees	80,802	75,477
Utilities	14,546	15,594
Casualty Loss	-	17,259
Depreciation	11,077	7,510
Total operating expenses	<u>183,935</u>	<u>201,799</u>
Income (losses) from operations	<u>(6,788)</u>	<u>(24,289)</u>
NON-OPERATING REVENUES		
Interest income	8	12
Gains from sale of assets	5,000	-
Insurance proceeds	-	13,463
Total non-operating revenues	<u>5,008</u>	<u>13,475</u>
Income (losses) before capital contributions	<u>(1,780)</u>	<u>(10,814)</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>17,018</u>
CHANGES IN NET POSITION	<u>(1,780)</u>	<u>6,204</u>
NET POSITION - BEGINNING	147,826	141,622
NET POSITION - END	<u>\$ 146,046</u>	<u>\$ 147,826</u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and capital contributions decreased \$12,385 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Total tenant revenue increased by \$590 from that of the prior fiscal year because the amount of rent each tenant pays is based on a sliding scale of their personal income. Included in this total is other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) which decreased by \$75.
- Federal revenues from HUD for operations increased by \$867 from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant.
- Federal Capital Funds from HUD decreased by \$17,018 from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2024 through 2024 and submitted a new grant during fiscal year 2025.
- Total other operating revenue decreased by \$1,820. Interest income decreased by \$4. Gains on sales of assets increased by \$5,000 from the prior fiscal year.

Compared with the prior fiscal year, total operating expenses decreased \$17,864, or by 9%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Depreciation expense increased by \$3,567 from that of the prior fiscal year.
- Maintenance and repairs decreased by \$10,565 from that of the prior fiscal year due to changes in the following: Materials used decreased by \$2,817 and contract labor costs decreased by \$7,748.
- General Expenses increased by \$2,116 from that of the prior fiscal year. Payments in lieu of taxes (PILOT) increased by \$171. PILOT is calculated as a percentage of rent minus utilities and therefore changed proportionately to the changes in each of these. Insurance premiums increased by \$1,543, other general expenses increased by \$323 and bad debts increased by \$937. Lastly, compensated absences decreased by \$858.
- Administrative Expenses increased by \$5,325 from that of the prior fiscal year due to a combination of factors. Administrative staff salaries increased by \$186 and related employee benefit contributions increased by \$30; therefore, total staff salaries and benefit costs increased. Outside professional fees changed as follows: audit fees increased by \$405. In addition, staff travel reimbursements decreased by \$25, office expenses increased by \$1,821 and sundry expenses increased by \$2,908.
- Utilities Expense decreased by \$1,048 from that of the prior fiscal year because water cost increased by \$134, electricity cost increased by \$525, gas cost decreased by \$65, and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) decreased by \$1,642.
- Casualty losses decreased by \$17,259 from that of the prior fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2025, the Housing Authority had a total cost of \$1,145,996 invested in a broad range of assets and construction in progress from projects funded in 2024 through 2024, listed below. This amount, not including depreciation, represents increases of \$11,567 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Statement of Capital Assets
 As of September 30, 2025**

	<u>2025</u>	<u>2024</u>
Land	\$ 1,825	\$ 1,825
Buildings	1,069,290	1,069,290
Furniture and equipment	74,881	63,314
Accumulated Depreciation	<u>(1,076,222)</u>	<u>(1,087,670)</u>
Total	<u>\$ 69,774</u>	<u>\$ 46,759</u>

As of the end of the 2025 fiscal year, the Authority is still in the process of completing HUD grants of \$99,215 obtained during the 2024 and 2025 fiscal years. A total remainder of \$67,866 will be received and spent for completing these projects during fiscal year 2026.

Debt

Non-current liabilities also include accrued annual leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2026 fiscal year have already been submitted to HUD for approval, and no major changes are expected.

The Capital fund programs are multiple-year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Kristi Pilkinton, at Housing Authority of Cotton Valley, LA; P.O. Box 266, Cotton Valley, LA 71018.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

ASSETS

Current assets

Cash and cash equivalents	\$ 65,974
Accounts receivable	11,321
Prepaid expenses	14,532
Inventory	515
Restricted assets - cash and cash equivalents	1,500

Total Current Assets	93,842
----------------------	--------

Capital Assets, net

Land and other non-depreciated assets	1,825
Other capital assets - net of depreciation	67,949

Total Capital Assets, net	69,774
---------------------------	--------

Total Assets	\$ 163,616
--------------	------------

LIABILITIES

Current Liabilities

Accounts payable	\$ 3,176
Compensated absences payable	1,847
Accrued PILOT	11,047
Deposits due others	1,500

Total Current Liabilities	17,570
---------------------------	--------

Noncurrent Liabilities

0

Total Liabilities	17,570
-------------------	--------

NET POSITION

Net investment in capital assets	69,774
Unrestricted	76,272

Net Position	\$ 146,046
--------------	------------

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

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

OPERATING REVENUES	
Dwelling rental	\$ 70,639
Governmental operating grants	106,508
	177,147
OPERATING EXPENSES	
Administration	80,802
Utilities	14,546
Ordinary maintenance & operations	43,499
General expenses	34,011
Depreciation	11,077
	183,935
Income (Loss) from Operations	(6,788)
Non Operating Revenues (Expenses)	
Interest earnings	8
Gain on sale of assets	5,000
	5,008
Income (Loss) before contribution	(1,780)
Capital Contribution	0
	(1,780)
Total net position - beginning	147,826
Total net position - ending	\$ 146,046

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

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

CASH FLOWS FROM	
OPERATING ACTIVITIES	
Rental receipts	\$ 69,214
Other receipts	1,033
Federal grants	100,251
Payments to vendors	(117,672)
Payments to employees – net	(56,235)
	(3,409)
Net cash provided (used) by operating activities	(3,409)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(34,092)
Proceeds on sale of assets	5,000
	(29,092)
Net cash provided (used) by capital and related financing activities	(29,092)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	8
	8
Net cash provided (used) by capital and related financing activities	8
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,493)
CASH AND CASH EQUIVALENTS	
Beginning of Fiscal Year	99,967
	99,967
CASH AND CASH EQUIVALENTS	
End of Fiscal Year	\$ 67,474

Continued

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

**RECONCILIATION OF OPERATING
INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING
ACTIVITIES**

Operating income (loss)	\$	(6,788)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense		11,077
Provision of uncollectible accounts		(9)
Change in assets and liabilities:		
Receivables		(10,573)
Inventories		173
Prepaid items		(2,240)
Account payables		(658)
Accrued PILOT		5,609
		<hr/>
Net cash provided (used) by operations	\$	<u>(3,409)</u>

Concluded

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

INDEX

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	16
A. REPORTING ENTITY	16
B. FUNDS	17
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING	17
D. CASH AND CASH EQUIVALENTS.....	18
E. REVENUE RECOGNITION	18
F. INVENTORY	18
G. PREPAID ITEMS.....	18
H. CAPITAL ASSETS	18
I. UNEARNED INCOME.....	18
J. COMPENSATED ABSENCES	19
K. POST EMPLOYMENT BENEFITS	19
L. NET POSITION AND FLOW ASSUMPTIONS.....	19
M. USE OF ESTIMATES.....	19
NOTE 2 – DEPOSITS AND INVESTMENTS.....	19
NOTE 3 – ACCOUNTS RECEIVABLE	20
NOTE 4 – CAPITAL ASSETS	20
NOTE 5 – ACCOUNTS PAYABLE.....	21
NOTE 6 – COMPENSATED ABSENCES.....	21
NOTE 7 – LONG – TERM OBLIGATIONS.....	21
NOTE 8 – RETIREMENT SYSTEM.....	22
NOTE 9 – COMMITMENTS AND CONTINGENCIES	22
NOTE 10 – ECONOMIC DEPENDENCE	23
NOTE 11 – SUBSEQUENT EVENTS	23

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the Town of Cotton Valley have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the State of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Cotton Valley, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	FW 2051	20
-------------------	---------	----

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the Town of Cotton Valley since the Town of Cotton Valley appoints a voting majority of the Housing Authority’s governing board. The Town of Cotton Valley is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Cotton Valley. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Cotton Valley.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

- 1) Appointing a voting majority of an organization's governing body, and:
 - a) The ability of the government to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the Public Housing Low Rent program and the Capital Fund program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position sheet.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

On the Statement of Cash Flows, cash and cash equivalents, end of year, is \$67,474. This is comprised of cash and cash equivalents of \$65,974 and restricted assets – cash of \$1,500, on the statement of net position.

E. REVENUE RECOGNITION Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual – that is, when they become *measurable* and *available* to the finance expenditures of the fiscal period. “Available” is determined as collectible within the 12 months of the fiscal year or soon enough thereafter to be used in pay liabilities of the current period.

F. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out method. Inventory is valued at lower of cost or net realizable value. At year end, the amount of inventory is recorded for external financial reporting.

G. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$2,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful live is management’s estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years

I. UNEARNED INCOME The Housing Authority reports prepaid revenues on its statement of net position. Prepaid revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for prepaid revenue is removed from the statement of net position and the revenue is recognized.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

J. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date. The Executive Director is unclassified and works per terms of an employment agreement.

K. POST EMPLOYMENT BENEFITS The Authority does not recognize or pay any post employment benefits.

L. NET POSITION AND FLOW ASSUMPTIONS Net position is reported as restricted when constraints are placed on net position use as either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

M. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at September 30, 2025. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: GASB 40 disclosure of credit rate risk does not apply, since the Authority's only investments are certificates of deposit.

Custodial Credit Risk: The Authority's policy requires the financial institution to cover the first \$250,000 of deposits with FDIC coverage. Any excess deposits must be collateralized with securities held by the pledging financial institution, with a fair market value that equals or exceeds the amount of excess deposits.

Restricted Cash: \$1,500 is restricted in the General Fund for security deposits.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

At September 30, 2025, the Housing Authority's carrying amount of deposits was \$67,449 and the bank balance was \$67,499. Petty cash consists of \$25. The entire bank balance was covered by FDIC Insurance.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at September 30, 2025, are as follows:

<u>Class of Receivables</u>	
Local sources:	
Tenants	\$ 488
Other	4,576
Federal sources:	
Grants	6,257
Total	\$ 11,321

NOTE 4 – CAPITAL ASSETS The changes in capital assets are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land and buildings	\$ 1,825	\$ 0	\$ 0	\$ 1,825
Depreciable assets:				
Buildings	1,069,290	0	0	1,069,290
Furniture and equipment	63,314	34,092	22,525	74,881
Total capital assets	1,134,429	34,092	22,525	1,145,996
Less: accumulated depreciation				
Buildings	1,024,356	4,259	0	1,028,615
Furniture and equipment	63,314	6,818	22,525	47,607
Total accumulated depreciation	1,087,670	11,077	22,525	1,076,222
Total capital assets, net	\$ 46,759	\$ 23,015	\$ 0	\$ 69,774

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 5 – ACCOUNTS PAYABLE The payables at September 30, 2025 are as follows:

Vendors	\$	1,689
Utilities		1,487
		3,176
Total	\$	3,176

NOTE 6 – COMPENSATED ABSENCES At September 30, 2025, employees of the Housing Authority have accumulated and vested \$1,847 of employee leave computed in accordance with GASB, Codification Section C60.

NOTE 7 – LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended September 30, 2025.

		Compensated Absences
Balance, beginning	\$	2,519
Additions		858
Deletions		(1,530)
		1,847
Balance, ending		1,847
Amounts due in one year	\$	1,847

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE 8 – RETIREMENT SYSTEM The Housing Authority participates in the Housing Agency Retirement Trust (HART), which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan after one month of continuous service.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 13.5% of each participant's effective compensation. The participant does not contribute.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are first used to pay for plan expenses and if there is any residual amount, the amount is refunded to the Housing Authority.

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the HART may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority made the required contributions of \$6,024 for the year ended September 30, 2025, of which \$6,024 was paid by the Housing Authority.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

Construction Projects There are certain renovation or construction projects in progress at September 30, 2025. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Risk Management The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

The Housing Authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

This includes coverage of property, general liability, public liability, and worker's compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the PHA's premiums and deductions are met.

Louisiana State law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council, Inc. Group Self Insurance Risk Management Agency risk pool is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

Coverage has not significantly changed from the previous year and settlements for each of the past three years have not exceeded insurance coverage.

The Authority has adopted GASB Statement No. 96, which provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). The adoption of GASB Statement No. 96 had no material effect on the Authority's September 30, 2025 financial statements.

NOTE 10 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$106,508 to the Housing Authority, which represents approximately 60% of the Housing Authority's total revenue and capital contributions for the year.

NOTE 11 - SUBSEQUENT EVENTS Management has evaluated events and transactions subsequent to the statement of net position date through, March 17, 2026, of the independent auditor's report for potential recognition or disclosure in the financial statements.



MIKE ESTES, CPA

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4040 FOSSIL CREEK BLVD. – SUITE 100
FORT WORTH, TEXAS 76137

Phone (817) 831-3556
Fax (817) 831-3558
e-mail: office@mikeestepc.com
website: mikeestepc.com

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

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

Independent Auditor's Report

Housing Authority of Cotton Valley
Cotton Valley, Louisiana

We have audited, 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, the financial statements, of the Housing Authority of the Town of Cotton Valley, Louisiana, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Cotton Valley, Louisiana's basic financial statements, and have issued our report thereon dated March 17, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Town of Cotton Valley, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Cotton Valley, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Cotton Valley, Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Cotton Valley, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
March 17, 2026

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED YEAR ENDED SEPTEMBER 30, 2025

Section I – Summary of the Auditor’s Results

Financial Statement Audit

1. Type of Auditor’s Report Issued on Financial Statements – Unmodified.
2. Internal Control Over Financial Reporting:
 - a. Material weakness(es) identified? _____ yes ✓ no
 - b. Significant deficiency(ies) identified? _____ yes ✓ none reported
3. Noncompliance material to financial statements noted? _____ yes ✓ no

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2025

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

None

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED SEPTEMBER 30, 2025

There were no audit findings.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2025

The following prior audit finding was a significant deficiency, required to be reported, in the prior year in accordance with *Governmental Auditing Standards* generally accepted in the United States of America:

There were no prior audit findings.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED SEPTEMBER 30, 2025

		2021 Capital Fund
Funds approved	\$	38,048
Funds expended		38,048
Excess of funds approved	\$	0
Funds advanced	\$	38,048
Funds expended		38,048
Excess (Deficiency) of funds advanced	\$	0

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statement of Modernization Costs dated November 8, 2022 accompanying the Actual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
 STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2025

CASH BASIS

	2024 Capital Fund	2025 Capital Fund
	<u> </u>	<u> </u>
Funds approved	\$ 48,867	\$ 50,348
Funds expended	31,349	0
Excess of funds approved	<u>\$ 17,518</u>	<u>\$ 50,348</u>
Funds advanced	\$ 31,349	0
Funds expended	31,349	0
Excess (Deficiency) of funds	<u>\$ 0</u>	<u>\$ 0</u>

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
 OR CHIEF EXECUTIVE DIRECTOR

YEAR ENDED SEPTEMBER 30, 2025

Agency Head Name: Kristi Pilkinton, Executive Director

Purpose	Amount
Salary	45,474
Benefits-insurance	
Benefits-retirement	6,023
Benefits-<list any other here>	3,479
Car allowance	
Vehicle provided by government	<enter amount reported on W-2>
Per diem	
Reimbursements	
Travel	590
Registration fees	770
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
Total	56,336

See accountants' report

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2025

FEDERAL GRANTOR PROGRAM TITLE	ALN NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 75,159
Capital Fund Program	14.872	31,349
Total United States Department of Housing and Urban Development		\$ 106,508
Total Expenditures of Federal Awards		\$ 106,508

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – BASIS OF PRESENTATION The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Housing Authority of the Town of Cotton Valley, Louisiana (the “Housing Authority”) under programs of the federal government for the year ended September 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority’s basic financial statements as follows:

	Federal Sources
Enterprise Funds	
Governmental operating grants	\$ 106,508
Total	\$ 106,508

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 5 – DE MINIMIS INDIRECT COST RATE The Housing Authority did not elect to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Balance Sheet Summary				
	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$65,974	\$65,974		\$65,974
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$1,500	\$1,500		\$1,500
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$67,474	\$67,474		\$67,474
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$6,257	\$6,257		\$6,257
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$4,576	\$4,576		\$4,576
126 Accounts Receivable - Tenants	\$488	\$488		\$488
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$11,321	\$11,321		\$11,321
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$14,532	\$14,532		\$14,532
143 Inventories	\$542	\$542		\$542
143.1 Allowance for Obsolete Inventories	-\$27	-\$27		-\$27
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$93,842	\$93,842		\$93,842
161 Land	\$1,825	\$1,825		\$1,825
162 Buildings	\$1,069,290	\$1,069,290		\$1,069,290
163 Furniture, Equipment & Machinery - Dwellings	\$22,295	\$22,295		\$22,295
164 Furniture, Equipment & Machinery - Administration	\$52,586	\$52,586		\$52,586
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$1,076,222	-\$1,076,222		-\$1,076,222
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$69,774	\$69,774		\$69,774
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$69,774	\$69,774		\$69,774
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$163,616	\$163,616		\$163,616

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Balance Sheet Summary				
	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$1,689	\$1,689		\$1,689
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion	\$1,847	\$1,847		\$1,847
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$11,047	\$11,047		\$11,047
341 Tenant Security Deposits	\$1,500	\$1,500		\$1,500
342 Unearned Revenue				
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other	\$1,487	\$1,487		\$1,487
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$17,570	\$17,570		\$17,570
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$0	\$0		\$0
300 Total Liabilities	\$17,570	\$17,570		\$17,570
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$69,774	\$69,774		\$69,774
511.4 Restricted Net Position	\$0	\$0		\$0
512.4 Unrestricted Net Position	\$76,272	\$76,272		\$76,272
513 Total Equity - Net Assets / Position	\$146,046	\$146,046		\$146,046
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$163,616	\$163,616		\$163,616

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$70,639		\$70,639
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$70,639	\$0	\$70,639
70600 HUD PHA Operating Grants	\$75,159	\$31,349	\$106,508
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$8		\$8
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue			
71600 Gain or Loss on Sale of Capital Assets	\$5,000		\$5,000
72000 Investment Income - Restricted			
70000 Total Revenue	\$150,806	\$31,349	\$182,155
91100 Administrative Salaries	\$44,802		\$44,802
91200 Auditing Fees	\$5,905		\$5,905
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$78		\$78
91500 Employee Benefit contributions - Administrative	\$9,903		\$9,903
91600 Office Expenses	\$8,903		\$8,903
91700 Legal Expense			
91800 Travel	\$1,100		\$1,100
91810 Allocated Overhead			
91900 Other	\$10,111		\$10,111
91000 Total Operating - Administrative	\$80,802	\$0	\$80,802
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$5,789		\$5,789
93200 Electricity	\$4,455		\$4,455
93300 Gas	\$419		\$419
93400 Fuel			
93500 Labor			
93600 Sewer	\$3,883		\$3,883

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$14,546	\$0	\$14,546
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other	\$13,367		\$13,367
94300 Ordinary Maintenance and Operations Contracts	\$30,132		\$30,132
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$43,499	\$0	\$43,499
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$19,458		\$19,458
96120 Liability Insurance	\$2,954		\$2,954
96130 Workmen's Compensation	\$2,106		\$2,106
96140 All Other Insurance	\$1,766		\$1,766
96100 Total insurance Premiums	\$26,284	\$0	\$26,284
96200 Other General Expenses	\$323		\$323
96210 Compensated Absences	\$858		\$858
96300 Payments in Lieu of Taxes	\$5,609		\$5,609
96400 Bad debt - Tenant Rents	\$937		\$937
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$7,727	\$0	\$7,727
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$172,858	\$0	\$172,858
97000 Excess of Operating Revenue over Operating Expenses	-\$22,052	\$31,349	\$9,297
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$11,077		\$11,077
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$183,935	\$0	\$183,935

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
10010 Operating Transfer In	\$31,349		\$31,349
10020 Operating transfer Out		-\$31,349	-\$31,349
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$31,349	-\$31,349	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$1,780	\$0	-\$1,780
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$147,826	\$0	\$147,826
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	240		240
11210 Number of Unit Months Leased	233		233
11270 Excess Cash	\$46,821		\$46,821
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$34,092	\$0	\$34,092
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Revenue and Expense Summary				
	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$70,639	\$70,639		\$70,639
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$70,639	\$70,639	\$0	\$70,639
70600 HUD PHA Operating Grants	\$106,508	\$106,508		\$106,508
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$8	\$8		\$8
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue				
71600 Gain or Loss on Sale of Capital Assets	\$5,000	\$5,000		\$5,000
72000 Investment Income - Restricted				
70000 Total Revenue	\$182,155	\$182,155	\$0	\$182,155
91100 Administrative Salaries	\$44,802	\$44,802		\$44,802
91200 Auditing Fees	\$5,905	\$5,905		\$5,905
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$78	\$78		\$78
91500 Employee Benefit contributions - Administrative	\$9,903	\$9,903		\$9,903
91600 Office Expenses	\$8,903	\$8,903		\$8,903
91700 Legal Expense				
91800 Travel	\$1,100	\$1,100		\$1,100
91810 Allocated Overhead				
91900 Other	\$10,111	\$10,111		\$10,111
91000 Total Operating - Administrative	\$80,802	\$80,802	\$0	\$80,802
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water	\$5,789	\$5,789		\$5,789
93200 Electricity	\$4,455	\$4,455		\$4,455
93300 Gas	\$419	\$419		\$419
93400 Fuel				
93500 Labor				
93600 Sewer	\$3,883	\$3,883		\$3,883

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Revenue and Expense Summary				
	Project Total	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$14,546	\$14,546	\$0	\$14,546
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other	\$13,367	\$13,367		\$13,367
94300 Ordinary Maintenance and Operations Contracts	\$30,132	\$30,132		\$30,132
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$43,499	\$43,499	\$0	\$43,499
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$19,458	\$19,458		\$19,458
96120 Liability Insurance	\$2,954	\$2,954		\$2,954
96130 Workmen's Compensation	\$2,106	\$2,106		\$2,106
96140 All Other Insurance	\$1,766	\$1,766		\$1,766
96100 Total insurance Premiums	\$26,284	\$26,284	\$0	\$26,284
96200 Other General Expenses	\$323	\$323		\$323
96210 Compensated Absences	\$858	\$858		\$858
96300 Payments in Lieu of Taxes	\$5,609	\$5,609		\$5,609
96400 Bad debt - Tenant Rents	\$937	\$937		\$937
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$7,727	\$7,727	\$0	\$7,727
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$172,858	\$172,858	\$0	\$172,858
97000 Excess of Operating Revenue over Operating Expenses	\$9,297	\$9,297	\$0	\$9,297
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$11,077	\$11,077		\$11,077
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$183,935	\$183,935	\$0	\$183,935

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Revenue and Expense Summary				
	Project Total	Subtotal	ELIM	Total
10010 Operating Transfer In	\$31,349	\$31,349	-\$31,349	\$0
10020 Operating transfer Out	-\$31,349	-\$31,349	\$31,349	\$0
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$1,780	-\$1,780	\$0	-\$1,780
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$147,826	\$147,826		\$147,826
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	240	240		240
11210 Number of Unit Months Leased	233	233		233
11270 Excess Cash	\$46,821	\$46,821		\$46,821
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$34,092	\$34,092		\$34,092
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0