

**HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA**

**TWELVE MONTHS ENDED SEPTEMBER 30, 2017**

**Mike Estes, P.C.**  
A Professional Accounting Corporation

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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 Financial Statements***

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, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority of Cotton Valley basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design and audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Town of Cotton Valley, Louisiana, as of September 30, 2017, 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.

### ***Other Matters***

#### ***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, 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.

### ***Other 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-uncompleted, financial data schedules, and other information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, and other information as listed on the table of contents 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. Such 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-uncompleted, financial data schedules, and other information as listed

on the table of contents 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 February 12, 2018 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 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 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.  
Fort Worth, Texas  
February 12, 2018

**HOUSING AUTHORITY OF COTTON VALLEY, LA**

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
September 30<sup>th</sup>, 2017**

**The management of Public Housing Authority of Cotton Valley, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2017. 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 \$58,809 at the close of the fiscal year ended 2017.
  - ✓ Of this amount \$47,965 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 \$10,844 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 9% of the total operating expenses of \$123,993 for the fiscal year 2017, which means the Authority might be able to operate about 1 months using the unrestricted assets alone, compared to 2 months in the prior fiscal year.
- The Housing Authority's total net position decreased by \$10,216 from the prior fiscal year 2016. This decrease is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- The decrease in net position of these funds was accompanied by an increase in unrestricted cash by \$13,770 from fiscal year 2016, primarily due to spending \$1,692 more for operations than Federal funds received for operations; spending \$151 less for capital assets than Federal capital grants received; and transferring \$15,311 of cash needed for operations out of investments into cash.
- These changes led to a decrease in total assets by \$9,143 and an increase in total liabilities by \$1,073. As related measure of financial health, there are still over \$3 of current assets covering each dollar of total current liabilities, which compares to \$3 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 2017?" 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:

Low Rent Public Housing	\$ 63,475
Public Housing Capital Fund Program	<u>20,272</u>
Total funding received this current fiscal year	<u><u>\$ 83,747</u></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 \$58,809 as of September 30, 2017. Of this amount, \$47,963 was invested in capital assets, and the remaining \$10,846 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general net position.

**CONDENSED FINANCIAL STATEMENTS****Condensed Statement of Net Position**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets	\$ 24,442	\$ 28,693
Capital assets, net of depreciation	47,965	52,857
Other non-current assets	-	-
Total assets	<u>72,407</u>	<u>81,550</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred payments to government assistance programs	-	-
<b>LIABILITIES</b>		
Current liabilities	9,558	8,485
Non-current liabilities	4,040	4,040
Total liabilities	<u>13,598</u>	<u>12,525</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenues from government assistance programs	-	-
<b>NET POSITION</b>		
Invested in capital assets, net of depreciation	47,965	52,857
Unrestricted net position	10,844	16,168
Total net position	<u><u>58,809</u></u>	<u><u>69,025</u></u>

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The net position of these funds decreased by \$10,216, or by 15%, from those of fiscal year 2016, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position****Fiscal Year Ended September 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>Total Changes</u>
<b>OPERATING REVENUES</b>			
Tenant rental revenue	\$ 29,647	\$ 31,396	\$ (1,749)
Government grants for operations	73,942	74,081	(139)
Other tenant revenue	376	1,600	(1,247)
Total operating revenues	<u>103,965</u>	<u>107,077</u>	<u>(3,112)</u>
<b>OPERATING EXPENSES</b>			
General	14,043	13,651	392
Ordinary maintenance and repairs	31,339	38,340	(7,001)
Administrative expenses and management fees	43,403	44,342	(939)
Utilities	10,408	9,850	558
Depreciation	14,700	16,131	(1,431)
Tenant services	10,100	10,086	14
Extraordinary maintenance and repairs	-	-	-
Total operating expenses	<u>123,993</u>	<u>132,400</u>	<u>(8,407)</u>
Income (losses) from operations	<u>(20,028)</u>	<u>(25,323)</u>	<u>5,295</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	7	9	(2)
Total non-operating revenues (expenses)	<u>7</u>	<u>9</u>	<u>(2)</u>
Income before capital contributions	<u>(20,021)</u>	<u>(25,314)</u>	<u>5,293</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>9,805</u>	<u>-</u>	<u>9,805</u>
<b>CHANGES IN NET POSITION</b>	<u>(10,216)</u>	<u>(25,314)</u>	<u>15,098</u>
<b>NET POSITION, BEGINNING OF FISCAL YEAR</b>	69,025	94,339	(25,314)
<b>Prior period adjustments</b>	-	-	-
<b>As adjusted</b>	69,025	94,339	(25,314)
<b>NET POSITION, END OF FISCAL YEAR</b>	<u>58,809</u>	<u>69,025</u>	<u>(10,216)</u>

**EXPLANATIONS OF FINANCIAL ANALYSIS**

Compared with the prior fiscal year, total operating, non-operating revenues, and capital contribution decreased by \$6,691 from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Total tenant revenue decreased by 6% from that of the prior fiscal year, because occupancy rates decreased by 3%. Some tenants' personal incomes decreased, so rent revenue from these tenants decreased accordingly, lowering the overall total. Finally, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) increased by \$225.
- Federal revenues from HUD for operations decreased by \$139 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. There was a decrease in the number of eligible tenants receiving subsidies, so Housing Assistance Grants decreased accordingly, lowering the overall total.

- Federal Capital Funds from HUD increased by \$9,805 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 2015 through 2017, and submitted a new grant during fiscal year 2017.
- Total other non-operating revenue decreased by 10% from that of the prior fiscal year.
- Interest income decreased by 19% from that of the prior fiscal year, because the Authority spent available cash mostly on capital assets instead of temporary investments.

Compared with the prior fiscal year, total operating expenses decreased 6%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Depreciation expense decreased by 9% from that of the prior fiscal year, because some capital assets were fully depreciated at the beginning of the year 2017.
- Maintenance and repairs decreased by \$7,001 from that of the prior fiscal year. Maintenance materials used increased by \$2,316 and contract labor costs decreased by \$9,316. In addition, Extraordinary maintenance increased by 1% from that of the prior fiscal year.
- General Expenses increased by \$392 from that of the prior fiscal year, and payments in lieu of taxes (PILOT) decreased by 10%. PILOT is calculated as a percentage of rent (which decreased by 5%) minus utilities (which increased 6%), and therefore changed proportionately to the changes in each of these, primarily because Insurance premiums increased by 9%. Other general expenses decreased by \$387.
- Administrative Expenses decreased by \$939 from that of the prior fiscal year, due to a combination of offsetting factors: Staff travels reimbursements increased by \$200, office expenses increased by \$567, or by 7%, but sundry expenses decreased by \$1,506, or by 22%; while other staff administrative expense decreased by 6%.
- Utilities Expense increased by \$558 from that of the prior fiscal year, because water cost decreased by \$188, electricity cost increased by \$591, gas cost increased by \$277 and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) increased by \$155, or by 5%.
- Tenant Services increased by \$14 from that of the prior fiscal year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2017, the Housing Authority had a total cost of \$1,084,535 invested in a broad range of assets and construction in progress from projects funded in 2015 through 2017, listed below. This amount, not including depreciation, represents increases of \$9,805 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation**

**As of September 30, 2017**

	<u><b>2017</b></u>	<u><b>2016</b></u>
Land	\$ 1,325	\$ 1,325
Buildings	41,982	39,310
Leasehold improvements	151	302
Furniture and equipment	4,507	11,920
Total	<u>47,965</u>	<u>52,857</u>

As of the end of the 2017 fiscal year, the Authority is still in the process of completing HUD grants of \$58,510 obtained during 2015 through 2017 fiscal years. A total remainder of \$20,712 will be received and \$18,802 will be spent for completing these projects during fiscal year 2018.

**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 2018 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 Sue Sullivan, at Public Housing Authority of Cotton Valley, Louisiana; P.O. Box 266; Cotton Valley, LA 71018.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

**ASSETS**

## Current assets

Cash and cash equivalents	\$	16,985
Accounts receivable net		2,148
Prepaid items and other assets		3,369
Inventory		465
Restricted assets - cash and cash equivalents		1,475

Total Current Assets		24,442
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## Capital Assets, net

Land and other non-depreciated assets		1,325
Other capital assets - net of depreciation		46,640

Total Capital Assets, net		47,965
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Total Assets	\$	72,407
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**LIABILITIES**

## Current Liabilities

Accounts payable	\$	4,690
Compensated absences payable		1,469
Accrued PILOT		1,924
Deposits due others		1,475

Total Current Liabilities		9,558
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## Noncurrent Liabilities

Compensated absences payable		4,040
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Total Liabilities		13,598
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**NET POSITION**

Net investment in capital assets		47,965
Unrestricted		10,844

Net Position	\$	58,809
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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, 2017

<b>OPERATING REVENUES</b>	
Dwelling rental	\$ 29,647
Governmental operating grants	73,942
Other	376
	103,965
<b>OPERATING EXPENSES</b>	
Administration	43,403
Tenant services	10,100
Utilities	10,408
Ordinary maintenance & operations	31,339
General expenses	14,043
Depreciation	14,700
	123,993
Income (Loss) from Operations	(20,028)
Non Operating Revenues (Expenses)	
Interest earnings	7
	7
Income (Loss) before contribution	(20,021)
Capital Contribution	9,805
	(10,216)
Total net position - beginning	69,025
Total net position - ending	\$ 58,809

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, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Rental receipts	\$ 29,455
Other receipts	157
Federal grants	74,285
Payments to vendors	(62,097)
Payments to employees – net	(43,349)
	(1,549)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(9,805)
Federal capital assets	9,805
	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from maturities of investments	15,311
Interest income	8
	15,319
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>13,770</b>
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning of Fiscal Year	4,690
<b>CASH AND CASH EQUIVALENTS</b>	
End of Fiscal Year	<b>\$ 18,460</b>

Continued

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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

Operating income (loss)	\$	(20,028)
Depreciation Expense		14,700
Provision of uncollectible accounts		25
Change in assets and liabilities:		
Inventories		(490)
Prepaid items		2,981
Account payables		1,305
Unearned income		(192)
Deposits due others		150
Net cash provided (used) by operations	\$	<u><u>(1,549)</u></u>

Concluded

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

SEPTEMBER 30, 2017

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

SEPTEMBER 30, 2017

**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
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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, 2017

- 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, 2017

**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 \$18,460. This is comprised of cash and cash equivalents of \$16,985 and restricted assets – cash of \$1,475, on the statement of net position.

**E. INVESTMENTS** Investments are limited to L.S.-R.S. 33:2955 and the Housing Authority investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

**F. 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.

**G. INVENTORY** All purchased inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year end, the amount of inventory is recorded for external financial reporting.

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

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

SEPTEMBER 30, 2017

**I. 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 life 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

**J. 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.

**K. 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.

**L. POST EMPLOYMENT BENEFITS** The Authority does not recognize or pay any post employment benefits. Accordingly, Governmental Accounting Standards Board (GASB) Statement Number 45 does not apply.

**M. 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.

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

SEPTEMBER 30, 2017

**N. 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, 2017. 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: \$1,475 is restricted in the General Fund for security deposits.

At September 30, 2017, the Housing Authority's carrying amount of deposits was \$18,435 and the bank balance was \$21,060. Petty cash consists of \$25. The entire bank balance was covered by FDIC Insurance.

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

SEPTEMBER 30, 2017

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at September 30, 2017, are as follows:

<u>Class of Receivables</u>	
Other	\$ 153
Federal sources:	
Grants	1,995
Total	<u>\$ 2,148</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets				
Land and buildings	\$ 1,325	\$ 0	\$ 0	\$ 1,325
Depreciable assets:				
Buildings	1,012,499	9,805	0	1,022,304
Furniture and equipment	60,906	0	0	60,906
Total capital assets	<u>1,074,730</u>	<u>9,805</u>	<u>0</u>	<u>1,084,535</u>
Less: accumulated depreciation				
Buildings	971,546	8,624	0	980,170
Furniture and equipment	50,327	6,073	0	56,400
Total accumulated depreciation	<u>1,021,873</u>	<u>14,697</u>	<u>0</u>	<u>1,036,570</u>
Total capital assets, net	<u>\$ 52,857</u>	<u>\$ (4,892)</u>	<u>\$ 0</u>	<u>\$ 47,965</u>

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

SEPTEMBER 30, 2017

**NOTE 5 – ACCOUNTS PAYABLE** The payables at September 30, 2017 are as follows:

Vendors	\$	1,860
Payroll taxes & Retirement withheld		1,794
Utilities		1,036
Total	\$	4,690

**NOTE 6 – COMPENSATED ABSENCES** At September 30, 2017, employees of the Housing Authority have accumulated and vested \$5,509 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, 2017.

		Compensated Absences
Balance, beginning	\$	5,509
Additions		0
Deletions		0
Balance, ending		5,509
Amounts due in one year	\$	1,469

**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.

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

SEPTEMBER 30, 2017

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 \$5,156 for the year ended September 30, 2017, of which \$5,156 was paid by the Housing Authority. No payments were made out of the forfeiture account.

**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, 2017. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

**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, auto, bond, 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.

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

SEPTEMBER 30, 2017

Louisiana State law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council Group Self Insured Fund (LHC) 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.

**NOTE 10 – ECONOMIC DEPENDENCE** The Department of Housing and Urban Development provided \$83,747 to the Housing Authority, which represents approximately 49% 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, February 12, 2018, of the independent auditor's report for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.



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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 each major fund of the Housing Authority of the Town of Cotton Valley, Louisiana, as of and for the year ended September 30, 2017, 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 February 12, 2018.

***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) to determine the 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 City 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.

### ***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 determination of financial statement amounts. 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  
February 12, 2018

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

YEAR ENDED YEAR ENDED SEPTEMBER 30, 2017

**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, 2017

**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, 2017

There were no audit findings.

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

YEAR ENDED SEPTEMBER 30, 2017

**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.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
SCHEDULE OF MANAGEMENT LETTER ITEMS

YEAR ENDED SEPTEMBER 30, 2017

To Management and the Board of Commissioners:

In planning and performing our audit of the financial statements of the Housing Authority of the Town of Cotton Valley for the year ended September 30, 2017, we considered the Authority's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum contained in this letter summarizes our comments and suggestions regarding those matters. (We have also reported on the Authority's internal control in our report dated February 12, 2018.) This letter does not affect our report dated February 12, 2018 on the financial statements of the Housing Authority of the Town of Cotton Valley.

The status of these comments will be reviewed during the next audit engagement. We have already discussed these comments and suggestions with various authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

Our recommendations are as follows:

M1-Utility Allowances

It appears that the Authority has not timely reviewed the utility allowances. Federal regulations require that the Authority review the allowances annually. When any rate changes more than 10% since the last allowance revision, the allowances must be adjusted.

We recommend that the utility allowances be reviewed and revised if necessary. Thereafter, the rates should be reviewed on an annual basis.

Corrective Action Plan-Response

I am Sue Sullivan, Executive Director and Designated Person to answer this. We will do as the auditor suggests.

**SUPPLEMENTARY INFORMATION**

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

YEAR ENDED SEPTEMBER 30, 2017

		2015 Capital Fund
Funds approved	\$	19,153
Funds expended		19,153
Excess of funds approved	\$	0
<hr style="border-top: 3px double #000;"/>		
Funds advanced	\$	19,153
Funds expended		19,153
Excess (Deficiency) of funds advanced	\$	0
<hr style="border-top: 3px double #000;"/>		

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 August 24, 2017 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, 2017

CASH BASIS

	2016		2017
	Capital Fund		Capital Fund
	<u>          </u>		<u>          </u>
Funds approved	\$ 19,467	\$	19,890
Funds expended	19,467		1,088
Excess of funds approved	<u>          0</u>	<u>\$</u>	<u>18,802</u>
Funds advanced	\$ 18,645	\$	0
Funds expended	19,467		1,088
Excess (Deficiency) of funds	<u>          (822)</u>	<u>\$</u>	<u>          (1,088)</u>

See accountants' report

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

YEAR ENDED SEPTEMBER 30, 2017

**Agency Head Name:** Sue Sullivan, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 38,193
Benefits-insurance	
Benefits-retirement	5,156
Benefits-<list any other here>	
Car allowance	
Vehicle provided by government	<enter amount reported on W-2>
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
<b>Total</b>	<b>\$ 43,349</b>

See accountants' report

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

YEAR ENDED SEPTEMBER 30, 2017

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 63,475
Capital Fund Program	14.872	20,272
Total United States Department of Housing and Urban Development		\$ 83,747
Total Expenditures of Federal Awards		\$ 83,747

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, 2017

**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, 2017. 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. The Housing Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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	\$ 73,942
Capital contributions	9,805
	83,747
Total	\$ 83,747

**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.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2017

<b>Entity Wide Balance Sheet Summary</b>		
	Project Total	Total
111 Cash - Unrestricted	\$16,985	\$16,985
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted		
114 Cash - Tenant Security Deposits	\$1,475	\$1,475
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$18,460	\$18,460
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects	\$1,995	\$1,995
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous	\$153	\$153
126 Accounts Receivable - Tenants	\$0	\$0
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$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	\$2,148	\$2,148
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets	\$3,369	\$3,369
143 Inventories	\$490	\$490
143.1 Allowance for Obsolete Inventories	-\$25	-\$25
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$24,442	\$24,442
161 Land	\$1,325	\$1,325
162 Buildings	\$919,246	\$919,246
163 Furniture, Equipment & Machinery - Dwellings	\$22,295	\$22,295
164 Furniture, Equipment & Machinery - Administration	\$38,611	\$38,611
165 Leasehold Improvements	\$103,058	\$103,058
166 Accumulated Depreciation	-\$1,036,570	-\$1,036,570
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$47,965	\$47,965
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	\$47,965	\$47,965
200 Deferred Outflow of Resources		
290 Total Assets and Deferred Outflow of Resources	\$72,407	\$72,407

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2017

<b>Entity Wide Balance Sheet Summary</b>		
	Project Total	Total
311 Bank Overdraft		
312 Accounts Payable <= 90 Days	\$1,860	\$1,860
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable	\$1,794	\$1,794
322 Accrued Compensated Absences - Current Portion	\$1,469	\$1,469
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government	\$1,924	\$1,924
341 Tenant Security Deposits	\$1,475	\$1,475
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	\$1,036	\$1,036
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$9,558	\$9,558
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	\$4,040	\$4,040
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities		
350 Total Non-Current Liabilities	\$4,040	\$4,040
300 Total Liabilities	\$13,598	\$13,598
400 Deferred Inflow of Resources		
508.4 Net Investment in Capital Assets	\$47,965	\$47,965
511.4 Restricted Net Position	\$0	\$0
512.4 Unrestricted Net Position	\$10,844	\$10,844
513 Total Equity - Net Assets / Position	\$58,809	\$58,809
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$72,407	\$72,407

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2017

<b>Single Project Revenue and Expense</b>			
	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$29,647		\$29,647
70400 Tenant Revenue - Other	\$375		\$375
70500 Total Tenant Revenue	\$30,022	\$0	\$30,022
70600 HUD PHA Operating Grants	\$63,475	\$10,467	\$73,942
70610 Capital Grants		\$9,805	\$9,805
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	\$7		\$7
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	\$1		\$1
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$93,505	\$20,272	\$113,777
91100 Administrative Salaries	\$25,971		\$25,971
91200 Auditing Fees			
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$60		\$60
91500 Employee Benefit contributions - Administrative	\$3,506		\$3,506
91600 Office Expenses	\$8,660		\$8,660
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other	\$5,206		\$5,206
91000 Total Operating - Administrative	\$43,403	\$0	\$43,403
92000 Asset Management Fee			
92100 Tenant Services - Salaries	\$8,784		\$8,784
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services	\$1,186		\$1,186
92400 Tenant Services - Other	\$130		\$130
92500 Total Tenant Services	\$10,100	\$0	\$10,100
93100 Water	\$3,630		\$3,630
93200 Electricity	\$3,307		\$3,307
93300 Gas	\$551		\$551
93400 Fuel			
93500 Labor			
93600 Sewer	\$2,920		\$2,920

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2017

<b>Single Project Revenue and Expense</b>			
	Low Rent	Capital Fund	Total Project
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$10,408	\$0	\$10,408
94100 Ordinary Maintenance and Operations - Labor	\$3,438		\$3,438
94200 Ordinary Maintenance and Operations - Materials and Other	\$9,542		\$9,542
94300 Ordinary Maintenance and Operations Contracts	\$17,895		\$17,895
94500 Employee Benefit Contributions - Ordinary Maintenance	\$464		\$464
94000 Total Maintenance	\$31,339	\$0	\$31,339
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	\$5,436		\$5,436
96120 Liability Insurance	\$2,117		\$2,117
96130 Workmen's Compensation	\$2,673		\$2,673
96140 All Other Insurance	\$1,893		\$1,893
96100 Total insurance Premiums	\$12,119	\$0	\$12,119
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes	\$1,924		\$1,924
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$1,924	\$0	\$1,924
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	\$109,293	\$0	\$109,293
97000 Excess of Operating Revenue over Operating Expenses	-\$15,788	\$20,272	\$4,484
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$14,700		\$14,700
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$123,993	\$0	\$123,993

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2017

<b>Single Project Revenue and Expense</b>			
	Low Rent	Capital Fund	Total Project
10010 Operating Transfer In	\$10,467		\$10,467
10020 Operating transfer Out		-\$10,467	-\$10,467
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)	\$10,467	-\$10,467	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$20,021	\$9,805	-\$10,216
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$69,025	\$0	\$69,025
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	229		229
11270 Excess Cash	\$1,943		\$1,943
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$9,805	\$9,805
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
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, 2017

<b>Entity Wide Revenue and Expense Summary</b>		
	Project Total	Total
70300 Net Tenant Rental Revenue	\$29,647	\$29,647
70400 Tenant Revenue - Other	\$375	\$375
70500 Total Tenant Revenue	\$30,022	\$30,022
70600 HUD PHA Operating Grants	\$73,942	\$73,942
70610 Capital Grants	\$9,805	\$9,805
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	\$7	\$7
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	\$1	\$1
71600 Gain or Loss on Sale of Capital Assets		
72000 Investment Income - Restricted		
70000 Total Revenue	\$113,777	\$113,777
91100 Administrative Salaries	\$25,971	\$25,971
91200 Auditing Fees		
91300 Management Fee		
91310 Book-keeping Fee		
91400 Advertising and Marketing	\$60	\$60
91500 Employee Benefit contributions - Administrative	\$3,506	\$3,506
91600 Office Expenses	\$8,660	\$8,660
91700 Legal Expense		
91800 Travel		
91810 Allocated Overhead		
91900 Other	\$5,206	\$5,206
91000 Total Operating - Administrative	\$43,403	\$43,403
92000 Asset Management Fee		
92100 Tenant Services - Salaries	\$8,784	\$8,784
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services	\$1,186	\$1,186
92400 Tenant Services - Other	\$130	\$130
92500 Total Tenant Services	\$10,100	\$10,100
93100 Water	\$3,630	\$3,630
93200 Electricity	\$3,307	\$3,307
93300 Gas	\$551	\$551
93400 Fuel		
93500 Labor		
93600 Sewer	\$2,920	\$2,920

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2017

<b>Entity Wide Revenue and Expense Summary</b>		
	Project Total	Total
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		
93000 Total Utilities	\$10,408	\$10,408
94100 Ordinary Maintenance and Operations - Labor	\$3,438	\$3,438
94200 Ordinary Maintenance and Operations - Materials and Other	\$9,542	\$9,542
94300 Ordinary Maintenance and Operations Contracts	\$17,895	\$17,895
94500 Employee Benefit Contributions - Ordinary Maintenance	\$464	\$464
94000 Total Maintenance	\$31,339	\$31,339
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
96110 Property Insurance	\$5,436	\$5,436
96120 Liability Insurance	\$2,117	\$2,117
96130 Workmen's Compensation	\$2,673	\$2,673
96140 All Other Insurance	\$1,893	\$1,893
96100 Total insurance Premiums	\$12,119	\$12,119
96200 Other General Expenses		
96210 Compensated Absences		
96300 Payments in Lieu of Taxes	\$1,924	\$1,924
96400 Bad debt - Tenant Rents		
96500 Bad debt - Mortgages		
96600 Bad debt - Other		
96800 Severance Expense		
96000 Total Other General Expenses	\$1,924	\$1,924
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
96900 Total Operating Expenses	\$109,293	\$109,293
97000 Excess of Operating Revenue over Operating Expenses	\$4,484	\$4,484
97100 Extraordinary Maintenance		
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments		
97350 HAP Portability-In		
97400 Depreciation Expense	\$14,700	\$14,700
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	\$123,993	\$123,993

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2017

<b>Entity Wide Revenue and Expense Summary</b>		
	Project Total	Total
10010 Operating Transfer In	\$10,467	\$10,467
10020 Operating transfer Out	-\$10,467	-\$10,467
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$10,216	-\$10,216
11020 Required Annual Debt Principal Payments	\$0	\$0
11030 Beginning Equity	\$69,025	\$69,025
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	229	229
11270 Excess Cash	\$1,943	\$1,943
11610 Land Purchases	\$0	\$0
11620 Building Purchases	\$9,805	\$9,805
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0