

**HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA  
(UNAUDITED)**

**TWELVE MONTHS ENDED SEPTEMBER 30, 2014**

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

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

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

MIKE ESTES, CPA

(817) 831-3553  
(817) 831-3560  
*e-mail: office@mikeestepc.com*  
*website: mikeestepc.com*

Independent Accountant's Compilation Report

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

We have compiled the accompanying financial statements of the Housing Authority of Cotton Valley, Louisiana as of and for the year ended September 30, 2014, which collectively comprise the Housing Authority of Cotton Valley, Louisiana's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Housing Authority of Cotton Valley, Louisiana is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing 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.

The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

We have also performed agreed-upon procedures for the year ended September 30, 2014, all included therein.

Mike Estes, P.C.  
Fort Worth, Texas  
March 23, 2015

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 14,627
Investments	26,975
Accounts receivable net	3,424
Prepaid items and other assets	5,322
Inventory	775
Restricted assets - cash and cash equivalents	1,400
	<hr/>
Total Current Assets	52,523
	<hr/>
Capital Assets, net	
Land and other non-depreciated assets	1,325
Other capital assets - net of depreciation	87,191
	<hr/>
Total Capital Assets, net	88,516
	<hr/>
Total Assets	\$ 141,039
	<hr/> <hr/>

**LIABILITIES**

Current Liabilities	
Accounts payable	\$ 7,295
Accrued PILOT	2,210
Deposits due others	1,400
	<hr/>
Total Current Liabilities	10,905
	<hr/>
Noncurrent Liabilities	
	3,807
	<hr/>
Total Liabilities	14,712
	<hr/>

**NET POSITION**

Net investment in capital assets	88,516
Unrestricted	37,811
	<hr/>
Net Position	126,327
	<hr/> <hr/>

See accompanying notes and independent accountant's compilation report.

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

YEAR ENDED SEPTEMBER 30, 2014

<b>OPERATING REVENUES</b>	
Dwelling rental	\$ 31,298
Governmental operating grants	80,953
Other	2,056
	<hr/>
Total Operating Revenues	114,307
	<hr/>
<b>OPERATING EXPENSES</b>	
Administration	45,375
Tenant services	9,451
Utilities	9,199
Ordinary maintenance & operations	39,490
General expenses	13,723
Depreciation	20,099
Extraordinary maintenance	3,700
	<hr/>
Total Operating Expenses	141,037
	<hr/>
Income (Loss) from Operations	(26,730)
	<hr/>
Non Operating Revenues (Expenses)	
Interest earnings	21
	<hr/>
Total Non-Operating Revenues (Expenses)	21
	<hr/>
Income (Loss) before contribution	(26,709)
	<hr/>
Capital Contribution	22,525
	<hr/>
Change in net position	(4,184)
	<hr/>
Total net position - beginning	130,511
	<hr/>
Total net position - ending	\$ 126,327
	<hr/> <hr/>

See accompanying notes and independent accountant's compilation report.

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2014

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Rental receipts	\$ 30,300
Other receipts	4,539
Federal grants	77,753
Payments to vendors	(77,322)
Payments to employees – net	(42,453)
	(7,183)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(22,525)
Federal Capital Grants	22,525
	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	21
Purchase of investments	(20)
	1
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,182)</b>
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning of Fiscal Year	23,209
	16,027
<b>CASH AND CASH EQUIVALENTS</b>	
End of Fiscal Year	<b>\$ 16,027</b>

Continued

HOUSING AUTHORITY OF COTTON VALLEY, LOUISIANA  
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2014

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

Operating income (loss)	\$	(26,730)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense		20,099
Provision of uncollectible accounts		16
Change in assets and liabilities:		
Receivables		(732)
Inventories		(310)
Prepaid items		131
Account payables		1,326
Unearned income		(998)
Deposits due others		15
Net cash provided (used) by operations	\$	(7,183)

Concluded

See accompanying notes and independent accountant's compilation report.

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

SEPTEMBER 30, 2014

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

SEPTEMBER 30, 2014

**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 City or 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, 2014

- 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, 2014

**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 \$16,027. This is comprised of cash and cash equivalents of \$16,027.

**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, 2014

**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, 2014

**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, 2014. 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: \$1,400 is restricted in the General Fund for security deposits.

At September 30, 2014, the Housing Authority's carrying amount of deposits was \$42,977 and the bank balance was \$46,471, which includes \$26,975 in certificates of deposits classified as investments. Petty cash consists of \$25. The entire bank balance was covered by FDIC Insurance.

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at September 30, 2014, are as follows:

<u>Class of Receivables</u>	
Federal sources:	
Grants	3,424
Total	<u>\$ 3,424</u>

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

SEPTEMBER 30, 2014

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

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land and buildings	\$ 1,325	\$ 0	\$ 0	\$ 1,325
Depreciable assets:				
Buildings	1,012,499	0	0	1,012,499
Furniture and equipment	58,241	22,525	19,860	60,906
Total capital assets	<u>1,072,065</u>	<u>22,525</u>	<u>19,860</u>	<u>1,074,730</u>
Less: accumulated depreciation				
Buildings	937,796	12,114	0	949,910
Furniture and equipment	48,180	7,984	19,860	36,304
Total accumulated depreciation	<u>985,976</u>	<u>20,098</u>	<u>19,860</u>	<u>986,214</u>
Total capital assets, net	<u>\$ 86,089</u>	<u>\$ 2,427</u>	<u>\$ 0</u>	<u>\$ 88,516</u>

**NOTE 5 – ACCOUNTS PAYABLE** The payables at September 30, 2014 are as follows:

Vendors	\$ 5,234
Payroll taxes & Retirement withheld	1,385
Utilities	676
Total	<u>\$ 7,295</u>

**NOTE 6 – 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, 2014

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 used to offset future contributions of 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 \$4,658 for the year ended September 30, 2014, of which \$4,658 was paid by the Housing Authority. No payments were made out of the forfeiture account.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

**Commitment** On January 18, 2011 the Authority entered into an Employment Agreement with the Executive Director. The agreement is for five years, and is renewable automatically for an additional year, unless certain steps are taken. The Agreement may be terminated by the Executive Director upon sixty days written notice to the Authority.

The Agreement may be terminated by the Authority at any time for cause. If the Agreement is terminated by the Authority without cause, the Authority is obligated to pay the Executive Director her annual base salary for the remaining term of the Agreement. In addition, the Authority is obligated to pay the Executive Director all unused but earned annual leave, in accordance with the Personnel Policy.

**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 periodically 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, 2014. 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.

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

SEPTEMBER 30, 2014

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.

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 8 – ECONOMIC DEPENDENCE** The Department of Housing and Urban Development provided \$103,478 to the Housing Authority, which represents approximately 76% of the Housing Authority's total revenue and capital contributions for the year

**NOTE 9 – SUBSEQUENT EVENTS** Management has evaluated events and transactions subsequent to the statement of net assets sheet date through the date of the independent accountant's report March 23, 2015 for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

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

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MIKE ESTES, CPA

(817) 831-3553  
(817) 831-3560  
*e-mail: office@mikeestespc.com*  
*website: mikeestespc.com*

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

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

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

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Housing Authority of the Town of Cotton Valley, Louisiana, solely to assist the users in evaluating management's assertions about compliance with certain laws and regulations during the year ended September 30, 2014. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

***Public Bid Law***

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There was one expenditures made during the year for materials and supplies exceeding \$20,000. We examined documentation which indicated that this expenditure had been properly purchased on a state contract.

***Code of Ethics for Public Officials and Public Employees***

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

### ***Budgeting***

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on July 12, 2013 which indicated that the budget had been adopted by the commissioners by unanimous consensus. No amendments were made to the budget during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues were within 5% of budgeted amounts. Expenditures for the year did not exceed budgeted amounts by more than 5%.

### ***Accounting and Reporting***

8. Randomly select a minimum of 6 disbursements made during the period under examination and:

- a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the twenty selected disbursements (excluding payroll that was also reviewed) and found that payment was for the proper amount and made to the correct payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and  
All of the payments were properly coded to the correct fund and general ledger account.

- c) determine whether payments received approval from proper authorities.

Inspection documentation supporting each of the twenty selected disbursements indicated approvals from the Executive Director and the chairman of the Board of Commissioners.

### *Meetings*

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law). The PHA is publishing the proceedings of its meetings in a local newspaper.

The Housing Authority of the Town of Cotton Valley is only required to post a notice of each meeting and the accompanying agenda on the door of the PHA's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

### *Debt*

10. Examine bank deposits for the period under examination to determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or like indebtedness.

### *Advances and Bonuses*

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances or gifts.

A reading of the minutes of the Authority for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Our prior year report, dated February 25, 2014, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for use of management of the Housing Authority and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Mike Estes, P.C.  
Fort Worth, Texas  
March 23, 2015

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

YEAR ENDED SEPTEMBER 30, 2014

Prior Findings

None

Current Findings

None

**SUPPLEMENTARY INFORMATION**

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

YEAR ENDED SEPTEMBER 30, 2014

CASH BASIS

	2011 Capital Fund	2012 Capital Fund	2013 Capital Fund
	<u>          </u>	<u>          </u>	<u>          </u>
Funds approved	\$ 22,678	\$ 20,891	\$ 18,667
Funds expended	<u>22,678</u>	<u>20,891</u>	<u>18,667</u>
Excess of funds approved	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds advanced	\$ 22,678	\$ 20,891	\$ 18,667
Funds expended	<u>22,678</u>	<u>20,891</u>	<u>18,667</u>
Excess (Deficiency) of funds advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statements of Modernization Costs dated June 20, 2014, August 22, 2014 and October 22, 2014 accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

See independent accountant's compilation report.

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

YEAR ENDED SEPTEMBER 30, 2014

CASH BASIS

	2014 Capital Fund
	<u>                    </u>
Funds approved	\$ 19,370
Funds expended	9,421
	<u>                    </u>
Excess of funds approved	\$ 9,949
	<u>                    </u>
Funds advanced	\$ 5,999
Funds expended	9,421
	<u>                    </u>
Excess (Deficiency) of funds	\$ (3,422)
	<u>                    </u>

See independent accountant's compilation 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, 2014

**Agency Head Name:** Sue Sullivan

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 24,480
Benefits-insurance	0.00
Benefits-retirement	4,657
Benefits-<list any other here>	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses*	0.00
Special meals	0.00
<b>Total</b>	<b>\$ 29,137</b>

See independent accountant's compilation report.

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

YEAR ENDED SEPTEMBER 30, 2014

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	\$ 58,378
Capital Fund Program	14.872	45,100
		<hr/>
Total United States Department of Housing and Urban Development		\$ 103,478
		<hr/> <hr/>
Total Expenditures of Federal Awards		\$ 103,478
		<hr/> <hr/>

See independent accountant's compilation report.

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

YEAR ENDED SEPTEMBER 30, 2014

**NOTE 1 – GENERAL** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the Town of Cotton Valley, Louisiana (the “Housing Authority”). The Housing Authority reporting entity is defined in NOTE 1(A) to the Housing Authority’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

**NOTE 2 – BASIS OF ACCOUNTING** The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in NOTE 1(C) to the Housing Authority’s basic financial statements.

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

	<u>Federal Sources</u>
Enterprise Funds	
Governmental operating grants	\$ 80,953
Capital contributions	22,525
	<hr/>
Total	\$ 103,478
	<hr/> <hr/>

**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.

See independent accountant’s compilation report.