

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED SEPTEMBER 30, 2019

Mike Estes, P.C.
A Professional Accounting Corporation

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Independent Auditor's Report

Board of Commissioners
Housing Authority of Denham Springs
Denham Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the discretely presented component units and each major fund of the Housing Authority of the City of Denham Springs, Louisiana as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority of Denham Springs, Louisiana 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Housing Authority of the City of Denham Springs, Louisiana, as of September 30, 2019, 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.

Emphasis of Matter

Also included in Supplementary Information is an Agreed-Upon Procedures report, which reports on an Agreed-Upon Procedures engagement now required by the Louisiana Legislative Auditor. Our opinion is not modified in respect to this matter.

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 City of Denham Springs, Louisiana's basic financial statements. The statement of modernization costs-uncompleted, financial data schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 of modernization costs-uncompleted, financial data schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 of modernization costs-uncompleted, financial data schedules, schedule of expenditures of federal awards, 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 April 8, 2020 on our consideration of the Housing Authority of the City of Denham Springs, 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 City of Denham Springs, Louisiana's internal control over financial reporting and compliance.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
April 8, 2020

HOUSING AUTHORITY OF DENHAM SPRINGS, LA

REQUIRED SUPPLEMENTAL INFORMATION

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
September 30, 2019**

The management of Housing Authority of Denham Springs, LA presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2019. 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 \$2,847,804 at the close of the fiscal year ended 2019.
 - ✓ Of this amount \$22,890 represents a restriction equal to the net amount invested in land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, minus associated debts.
 - ✓ Also, of this amount, \$54,920 of net position is restricted for the Housing Choice Voucher program.
 - ✓ \$1,978,207 is restricted for the amount of cash from insurance proceeds.
 - ✓ The remainder of \$791,787 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 66% of the total operating expenses of \$1,179,006 for the fiscal year 2019, which means the Authority might be able to operate about 8 months using the unrestricted assets alone, compared to 8 months in the prior fiscal year.

- The Housing Authority's total net position increased by \$856,573, a 43% increase from the prior fiscal year 2018. The increase is a direct result of cash received from the insurance company to cover the loss of property due to flooding that occurred in August 2016.

- The increase in net position of these funds was accompanied by an increase in cash and cash equivalents of \$810,150.

- These changes led to an increase in total assets by \$831,328 and a decrease in total liabilities by \$25,245. As related measure of financial health, there are still over \$412 of current assets covering each dollar of total current liabilities, which compares to \$57 covering the prior fiscal year's liabilities. Again, this is a result of the insurance proceeds received to cover the flood loss.

- 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 2019?" 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:

FEMA	\$	70,186
Public Housing Capital Fund Program		86,019
Low Rent Public Housing		73,232
Housing Choice Vouchers		816,164
Total funding received this current fiscal year	\$	<u>1,045,601</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 \$2,847,804 as of September 30, 2019. Of this amount, \$22,890 was invested in capital assets. \$1,978,207 of insurance proceeds are restricted. \$791,787 of total funds are unrestricted. There were \$54,920 in specific assets restricted for the Housing Choice Voucher (HCV) program.

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position
As of September 30, 2019**

	2019	2018
ASSETS		
Current assets	\$ 2,857,727	\$ 2,023,554
Capital assets, net of depreciation	22,890	25,735
Other assets	224,506	224,506
Total assets	<u>3,105,123</u>	<u>2,273,795</u>
LIABILITIES		
Current liabilities	6,935	35,536
Non-current liabilities	250,384	247,028
Total liabilities	<u>257,319</u>	<u>282,564</u>
NET POSITION		
Invested in capital assets, net of depreciation	22,890	25,735
Net position restricted for the Housing Choice Voucher program	2,033,127	1,291,859
Unrestricted net position	791,787	673,637
Total net position	<u>\$ 2,847,804</u>	<u>1,991,231</u>

Housing Authority of Denham Springs, LA
 Management's Discussion and Analysis (MD&A)
 September 30, 2019

The net position of these funds increased by \$856,573, or by 43%, from those of fiscal year 2018, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

CONDENSED FINANCIAL STATEMENTS (Continued)

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
 Fiscal Year Ended September 30, 2019**

	2019	2018
OPERATING REVENUES		
Insurance proceeds	\$ 962,856	\$ -
HUD grants for operations	1,045,601	1,116,038
Other non-tenant revenue	24,157	22,737
	2,032,614	1,138,775
OPERATING EXPENSES		
General	71,516	70,366
Ordinary maintenance & repairs	3,237	1,996
Administrative expenses and management fees	228,748	232,530
Utilities	5,196	5,565
Federal Housing Assistance Payments (HAP) to landlords & ports	841,891	708,982
Casualty loss	25,572	32,175
Depreciation	2,846	2,846
	1,179,006	1,054,460
Income (losses) from operations	853,608	84,315
NON-OPERATING REVENUES		
Interest income	2,965	1,817
	2,965	1,817
Income (losses) before capital contributions	856,573	86,132
CAPITAL CONTRIBUTIONS		
	-	-
CHANGES IN NET POSITION	856,573	86,132
NET POSITION-BEGINNING	1,991,231	1,905,099
NET POSITION-END	\$ 2,847,804	1,991,231

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating, non-operating and capital contributions increased \$894,987 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Federal revenues from HUD for operations decreased by \$140,623 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.
- Insurance proceeds increased by \$962,856 as a result of the 2016 flood.
- FEMA funds of \$70,186 were received in the current audit year. This is the initial funding of a total grant awarded by FEMA of \$9,543,384 to rebuild the site and units. The grant expires in 2022.

Compared with the prior fiscal year, total operating expenses increased \$124,546, or by 12%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below:

- Maintenance and repairs increased by \$1,241 from that of the prior fiscal year due to changes in the following: Materials used decreased by \$41 and contract labor costs increased by \$1,282.
- General Expenses increased by \$1,150 from that of the prior fiscal year. Insurance premiums decreased by \$2,546, other general expenses decreased by \$1,857 and bad debts increased by \$5,900. Lastly, compensated absences decreased by \$347.
- Administrative Expenses decreased by \$3,782 from that of the prior fiscal year due to a combination of factors. Administrative staff salaries decreased by \$875 and related employee benefit contributions decreased by \$3,119; therefore, total staff salaries and benefit costs decreased. Outside professional fees changed as follows: Staff travel reimbursements decreased by \$5,349, office expenses increased by \$2,277 and sundry expenses increased by \$3,284.
- Housing Assistance Payments to landlords increased by \$132,909 from that of the prior fiscal year partly because there was an increase in the number of tenants qualifying for subsidy during the year.
- Utilities Expense decreased by \$369 from that of the prior fiscal year because water cost increased by \$73, electricity cost increased by \$87 and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) decreased by \$529.
- Casualty losses decreased by \$6,603 from that of the prior fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2019, the Housing Authority had a total cost of \$31,425 invested in a broad range of assets and construction in progress from projects funded in 2018 through 2018, listed below. This amount, not including depreciation, represents increases of \$0 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Statement of Capital Assets
As of September 30, 2019

	<u>2019</u>	<u>2018</u>
Land	\$ 17,200	\$ 17,200
Furniture and equipment	14,225	14,225
Accumulated Depreciation	(8,535)	(5,690)
Total	<u>\$ 22,890</u>	<u>\$ 25,735</u>

Debt

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2020 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 Fred Banks, at Housing Authority of Denham Springs, LA; PO Box 910, Denham Springs, LA 70727-0910.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	General	Housing Choice Voucher	Total Primary Government	Component Units	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 251,778	\$ 342,365	\$ 594,143	\$ 19,829	\$ 613,972
Investments - Unrestricted	167,735	0	167,735	0	167,735
Accounts receivable net	15,044	0	15,044	73,662	88,706
Prepaid items and other assets	46,233	1,445	47,678	37,939	85,617
Restricted assets - cash and cash equivalents	1,978,207	54,920	2,033,127	169,365	2,202,492
Total Current Assets	2,458,997	398,730	2,857,727	300,795	3,158,522
Capital Assets, net					
Land and other non-depreciated assets	17,200	0	17,200	669,824	687,024
Other capital assets - net of depreciation	5,690	0	5,690	7,854,748	7,860,438
Total Capital Assets, net	22,890	0	22,890	8,524,572	8,547,462
Noncurrent					
Other Assets	224,506	0	224,506	106,206	330,712
Total Assets	\$ 2,706,393	398,730	3,105,123	\$ 8,931,573	\$ 12,036,696
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 2,518	\$ 187	\$ 2,705	\$ 8,252	\$ 10,957
Unearned income	2,648	0	2,648	2,088	4,736
Compensated absences payable	0	1,582	1,582	0	1,582
Accrued interest payable	0	0	0	10,371	10,371
Current portion of notes payable	0	0	0	72,604	72,604
Construction costs payable	0	0	0	161,718	161,718
Deposits due others	0	0	0	35,855	35,855
Total Current Liabilities	5,166	1,769	6,935	290,888	297,823
Noncurrent Liabilities					
Compensated absences payable	21,617	4,261	25,878	0	25,878
Noncurrent portion of notes payable	0	0	0	2,777,784	2,777,784
Noncurrent liabilities - other	224,506	0	224,506	1,822,503	2,047,009
Total Noncurrent Liabilities	246,123	4,261	250,384	4,600,287	4,850,671
Total Liabilities	251,289	6,030	257,319	4,891,175	5,148,494
NET POSITION					
Net investment in capital assets, net of related debt	22,890	0	22,890	5,674,184	5,697,074
Restricted	1,978,207	54,920	2,033,127	160,065	2,193,192
Unrestricted	454,007	337,780	791,787	(1,793,851)	(1,002,064)
Net Position	2,455,104	392,700	2,847,804	4,040,398	6,888,202

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

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED SEPTEMBER 30, 2019

	General	Housing Choice Voucher	Total Primary Government	Component Units	Total
OPERATING REVENUES					
Tenant revenue	\$ 0	\$ 0	\$ 0	\$ 819,075	\$ 819,075
Insurance proceeds	962,856	0	962,856	0	962,856
Governmental operating grants	229,437	816,164	1,045,601	0	1,045,601
Other	5,372	18,785	24,157	1,359	25,516
Total Operating Revenues	1,197,665	834,949	2,032,614	820,434	2,853,048
OPERATING EXPENSES					
Administration	135,531	93,217	228,748	119,091	347,839
Casualty losses	25,572	0	25,572	0	25,572
Utilities	5,196	0	5,196	83,856	89,052
Ordinary maintenance & operations	3,237	0	3,237	113,619	116,856
General expenses	55,074	16,442	71,516	291,929	363,445
Depreciation	2,846	0	2,846	444,260	447,106
Housing assistance payments	0	825,426	825,426	0	825,426
Port-in housing assistance payments	0	16,465	16,465	0	16,465
Total Operating Expenses	227,456	951,550	1,179,006	1,052,755	2,231,761
Income (Loss) from Operations	970,209	(116,601)	853,608	(232,321)	621,287
Non Operating Revenues (Expenses)					
Interest earnings	2,957	8	2,965	652	3,617
Interest expense	0	0	0	(220,845)	(220,845)
Total Non-Operating Revenues (Expenses)	2,957	8	2,965	(220,193)	(217,228)
Income (Loss) before contribution	973,166	(116,593)	856,573	(452,514)	404,059
Capital Contribution	0	0	0	0	0
Change in net position	973,166	(116,593)	856,573	(452,514)	404,059
Total net position - beginning	1,481,938	509,293	1,991,231	4,492,912	6,484,143
Total net position - ending	\$ 2,455,104	\$ 392,700	\$ 2,847,804	\$ 4,040,398	\$ 6,888,202

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

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2019

	General	Housing Choice Voucher	Total Primary Government	Component Unit	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Rental receipts	\$ 0	\$ 0	\$ 0	\$ 808,255	\$ 808,255
Insurance proceeds	962,856	0	962,856	0	962,856
Federal grants	194,928	816,164	1,011,092	0	1,011,092
Ports	0	18,730	18,730	0	18,730
Other	5,372	0	5,372	28,723	34,095
Payments to vendors	(147,375)	(50,852)	(198,227)	(551,169)	(749,396)
Payments to employees – net	(94,424)	(54,917)	(149,341)	(94,633)	(243,974)
Payments to private landlords	0	(841,891)	(841,891)	0	(841,891)
Net cash provided (used) by operating activities	921,357	(112,766)	808,591	191,176	999,767
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest Paid	0	0	0	(221,041)	(221,041)
Purchase of assets	0	0	0	(8,087)	(8,087)
Repayment of Debt	0	0	0	7,590	7,590
Net cash provided (used) by capital and related financing activities	0	0	0	(221,538)	(221,538)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	3,331	0	3,331	652	3,983
Purchase of investments	(1,772)	0	(1,772)	0	(1,772)
Net cash provided (used) by investing activities	1,559	0	1,559	652	2,211
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	922,916	(112,766)	810,150	(29,710)	780,440
CASH AND CASH EQUIVALENTS Beginning of Fiscal Year	1,307,069	510,051	1,817,120	218,904	2,036,024
CASH AND CASH EQUIVALENTS End of Fiscal Year	\$ 2,229,985	397,285	2,627,270	\$ 189,194	2,816,464

Continued

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2019

	General	Housing Choice Voucher	Total Primary Government	Component Unit	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 970,209	\$ (116,601)	\$ 853,608	\$ (232,321)	\$ 621,287
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation Expense	2,846	0	2,846	444,260	447,106
Change in assets and liabilities:					
A/P Vendors	(5,077)	(390)	(5,467)	(10,744)	(16,211)
Prepaid items	(12,112)	(1,307)	(13,419)	(8,175)	(21,594)
Security deposits	0	0	0	3,411	3,411
Receivables	(15,044)	5,532	(9,512)	(5,255)	(14,767)
Unearned revenue	(19,465)	0	(19,465)	0	(19,465)
Net cash provided (used) by operations	<u>\$ 921,357</u>	<u>\$ (112,766)</u>	<u>\$ 808,591</u>	<u>\$ 191,176</u>	<u>\$ 999,767</u>

Concluded

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

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the City of Denham Springs 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 of Denham Springs, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	FW 52
Section 8	
Housing Choice Vouchers	LA-120

The August 2016 flood rendered the entire Low Rent site and office not habitable. The U.S. Department of Homeland Security’s Federal Emergency Management Agency (FEMA) awarded \$9,543,384 of federal funding for the rebuilding of the site and office. The grant expires in 2022.

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 City of Denham Springs since the City of Denham Springs appoints a voting majority of the Housing Authority’s governing board. The City of Denham Springs 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 City of Denham Springs. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Denham Springs.

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 DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

- 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 component units that should be considered as part of the Housing Authority reporting entity.

Ashley Place Limited Partnership (Ashley Place I), Ashley Place Development II Limited Partnership (Ashley Place II), and Ashley Place Development III Limited Partnership (Ashley Place III) are legally separate entities. The managing general partner of Ashley Place I is the Denham Springs Community Corporation. The managing general partner of Ashley Place II and Ashley Place III is Denham Springs Community GP, LLC. The Board of Directors of Denham Springs Community Corporation and the Denham Springs Community GP, LLC consists entirely of the Board of Commissioners of the Housing Authority, which provides the Housing Authority with a voting majority of the governing bodies of Ashley Place I, II, and III.

The Denham Springs Community Corporation and the Denham Springs Community GP, LLC, are included in the financial statements as blended entities, as part of the General Fund. Ashley Place I, II and III are included in the financial statements through discrete presentation as one combined fund. According to GASBS 14, neither Ashley Place I, II, or III are considered major funds. According to GASBS 14, non-major component units should be aggregated in a single column.

The financial position, changes in net assets and cash flows of the Denham Springs Community Corporation and the Denham Springs Community GP, LLC are presented for the year ended December 31, 2018 (a nine month difference than the primary entity).

Ashley Place I, II, and III have been audited for the year ended December 31, 2018, all by one other accounting firm. Those are the numbers presented by discrete presentation.

The separate financial statements of Ashley Place I, II, and III can be obtained from the Housing Authority of the City of Denham Springs, 600 Eugene Street, P.O. Box 910, Denham Springs, Louisiana. Denham Springs Community Corporation and Denham Springs Community GP, LLC do not issue separate financial statements.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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, and the blended component units. The housing choice voucher fund accounts for the Section 8 Housing Choice Voucher program, and the Disaster Housing Assistance Program, and the Disaster Housing Assistance Program – Ike.

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.

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 and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses

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 \$2,816,464. This is comprised of cash and cash equivalents of \$613,972 and restricted assets – cash of \$2,202,492, on the statement of net position.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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

H. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$1,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful live is management’s estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

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

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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

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

K. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net asset use are 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 assets are available.

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 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.

Sometime the Authority may fund outlays from both restricted and unrestricted resources. In the event that should occur, the Authority must make a flow assumption about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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, 2019. 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: \$1,978,207 of insurance proceeds are restricted. \$54,920 is restricted in the Housing Choice Voucher fund for HAP Equity.

At September 30, 2019, the Housing Authority's carrying amount of deposits was \$2,794,880 and the bank balance was \$2,811,848, which includes \$167,735 in certificates of deposits classified as investments. Petty cash consists of \$125. \$500,000 of the bank balance was covered by FDIC Insurance. The remaining bank balance of \$2,311,848 was covered by pledged securities. However, this \$2,311,848 was exposed to custodial credit risk, as defined by GASBS No. 40, para. 8, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Investments during the year were solely in time deposits at banks.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

<u>Restricted Cash</u>	Ashley Place I	Ashley Place II	Ashley Place III	Total
Tax and insurance escrow	\$ 414	\$ 12,524	\$ 9,170	\$ 22,108
Tenant's security deposits	13,355	13,100	9,100	35,555
Operating reserve	21,256	2,142	8,786	32,184
Replacement reserve	34,551	22,314	22,653	79,518
Balance ending	<u>69,576</u>	<u>50,080</u>	<u>49,709</u>	<u>169,365</u>

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at September 30, 2019, are as follows:

<u>Class of Receivables</u>	General	Housing Choice Voucher	Total
Local sources:			
HUD	15,044	0	15,044
Total	<u>\$ 15,044</u>	<u>\$ 0</u>	<u>\$ 15,044</u>

NOTE 4 – OTHER ASSETS Fees originated from Ashley Place I, II and III. Those entities are described in Note 1, A, Reporting Entity. The noncurrent assets as of December 31, 2019 are as follows:

	Ashley Place I	Ashley Place II	Ashley Place III	Total
Developer fee	\$ 214,310	\$ 449,718	\$ 400,538	\$ 1,064,566
Partners fee	160,169	132,000	132,000	424,169
	<u>374,479</u>	<u>581,718</u>	<u>532,538</u>	<u>1,488,735</u>
Allowance for doubtful accounts	325,328	487,720	451,181	1,264,229
Total Non-current receivables	<u>49,151</u>	<u>93,998</u>	<u>81,357</u>	<u>224,506</u>

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 5 – CAPITAL ASSETS The changes in capital assets are as follows:

	Balance	Additions	Deletions	Balance
Non-depreciable assets				
Land and buildings	\$ 17,200	\$ 0	\$ 0	\$ 17,200
Depreciable assets:				
Furniture and equipment	14,225	0	0	14,225
Total capital assets	31,425	0	0	31,425
Less: accumulated depreciation				
Furniture and equipment	5,690	2,845	0	8,535
Total accumulated depreciation	5,690	2,845	0	8,535
Total capital assets, net	\$ 25,735	\$ (2,845)	\$ 0	\$ 22,890

The August 2016 flood rendered the entire Low Rent site and office not habitable. It has been determined that the entire Low Rent site will be demolished and replaced. The units will be rebuilt.

Discretely Presented Component Units

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land	\$ 669,824	\$ 0	\$ 0	\$ 669,824
Buildings	11,402,625	5,535	0	11,408,160
Furniture and equipment	1,056,027	2,552	0	1,058,579
Total	13,128,476	8,087	0	13,136,563
Less: accumulated depreciation	4,175,075	436,916	0	4,611,991
Total capital assets, net	\$ 8,953,401	\$ (428,829)	\$ 0	\$ 8,524,572

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 6 – ACCOUNTS PAYABLE The payables at September 30, 2019 are as follows:

	General	Housing Choice Voucher	Total
Vendors	\$ 607	\$ 187	\$ 794
Payroll taxes & Retirement withheld	1,347	0	1,347
Utilities	564	0	564
Total	\$ 2,518	\$ 187	\$ 2,705

Component Units

\$161,718 of construction costs payable result from costs expended for flood damage.

NOTE 7 – COMPENSATED ABSENCES At September 30, 2019, employees of the Housing Authority have accumulated and vested \$27,460 of employee leave computed in accordance with GASB, Codification Section C60.

NOTE 8 – LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended September 30, 2019.

	Compensated Absences	Non-Current Liabilities	Total
Balance, beginning	\$ 26,314	\$ 224,506	\$ 250,820
Additions	2,949	0	2,949
Deletions	1,803	0	1,803
Balance, ending	27,460	224,506	251,966
Amounts due in one year	\$ 1,582	\$ 0	\$ 1,582

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

Discretely Presented Component Units

	Notes Payable	Developer and Other Fees	Deferred Development Fee	Total
Balance, beginning	\$ 2,842,798	\$ 761,183	\$ 1,022,825	\$ 4,626,806
Net change	7,590	38,495	0	46,085
Balance, ending	2,850,388	799,678	1,022,825	4,672,891
Amounts due in one year	\$ 72,604	\$ 0	\$ 0	\$ 72,604

NOTE 9 – ACCRUED LIABILITIES - OTHER Of the total amount, \$224,506 is due consultants from the origination and development of Ashley Place I, II, and III. This amount is equal to total December 31, 2018 receivable from partners less the estimated allowance for uncollectible accounts, as shown on Note 4.

NOTE 10 – NOTES PAYABLE Notes payable on discretely presented component units at December 31, 2018 are as follows:

Ashley Place I

Permanent Loan

Permanent financing has been obtained through First Guaranty Bank of Ponchatoula, Louisiana in the amount of \$1,362,787. Interest is computed using the Wall Street Journal Prime plus 1.50% adjusted every five years, starting at 7.50% per annum, with a floor of 7.50% per annum, and a ceiling of 9.00% per annum. The maximum interest rate change every five years is 1.00%. The payment amount is set at principal and interest payments of \$10,110 monthly and remain the same for the life of the loan. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 17 years with an amortization of 30 years and matures on January 29, 2025, at which time all unpaid principal and interest amounts are due and payable. As of December 31, 2018, the balance due on the loan was \$1,126,408.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

Ashley Place II

Permanent Loan

Permanent financing has been obtained through Bank of America of Charlotte, North Carolina in the amount of \$1,224,785. Interest is compounded at an annual rate of 7.01%. The payment amount is set at principal and interest payments of \$8,156.75 monthly and remain the same until the entire unpaid principal is paid in full. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 18 years with an amortization of 30 years and matures on September 24, 2028, at which time the unpaid principal will continue to bear interest at the default rate until the remaining principal is paid in full. As of December 31, 2018, the balance due on the loan was \$1,024,252.

Note Payable – NEF

During 2010, the Partnership entered into an unsecured loan agreement with National Equity Fund, Inc., (NEF, Inc.), in the amount of \$63,408, which was used to pay the remaining balance on the construction loan. Interest shall accrue at the rate of 2.79% per annum. Payments of principal and interest shall be made to the extent of Surplus Cash until the balance is paid in full. As of December 31, 2018, the balance owed to NEF, Inc. was \$63,408. \$14,918 of accrued interest was also due.

Ashley Place III

Permanent Loan

Permanent financing has been obtained through Bank of America of Charlotte, North Carolina in the amount of \$767,000. Interest is compounded at an annual rate of 7.01%. The payment amount is set at principal and interest payments of \$5,108.02 monthly and remain the same until the entire unpaid principal is paid in full. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 18 years with an amortization of 30 years and matures on September 24, 2028, at which time the unpaid principal will continue to bear interest at the default rate until the remaining principal is paid in full. As of December 31, 2018, the balance due on the loan was \$621,402.

Aggregate maturities of long-term debt for the next five years and thereafter are as follows:

Year Ending December 31,	Amount
2019	\$ 72,604
2020	\$ 78,052
2021	\$ 83,909
2022	\$ 90,208
2023	96,979
Thereafter	\$ 2,428,636

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 11 – INTERFUND RECEIVABLES AND PAYABLES At September 30, 2019, the Housing Choice Voucher Fund owes the General Fund \$21,892. For financial statement purposes, this amount was deducted from the Housing Choice Voucher Fund cash and added to General Fund cash.

NOTE 12 – RETIREMENT SYSTEM The Housing Authority participates in the Housing Agency Retirement Plan, 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 completing one year of employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 6% of his effective compensation, and may make additional contributions. The employer is required to make monthly contributions equal to 8% of each participant's effective compensation.

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 Housing Renewal and Local Agency Retirement Plan 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 \$15,323 for the year ended September 30, 2019, of which \$9,194 was paid by the Housing Authority and \$6,129 was paid by employees. No payments were made out of the forfeiture account.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Commitments On October 1, 2019, the Authority renewed an Employment Agreement with the Executive Director. The agreement was for five years, unless terminated earlier by either party. The contract was renewed a prior agreement.

The contract can be terminated with cause, for non performance of the duties on the part of the Executive Director, or other good and valid cause which has proven detrimental effect to the operation of the Authority. Due process is required to terminate with cause. The process is outlined in the Agreement.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

If the Executive Director is terminated without cause, the Director is entitled to receive the remainder of his compensation for the current contract year and the base compensation for one additional year.

In addition, the Executive Director is entitled to all earned annual leave at the time of separation, regardless of the reason for the separation.

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.

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 public liability, 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, Inc. Group Self Insurance Risk Agency risk pool is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

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

NOTE 14 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development and FEMA together provided \$1,045,601 to the Housing Authority, which represents approximately 51% of the Housing Authority's total revenue and capital contributions for the year.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 15 – NET ASSETS – RESTRICTED \$54,920 of general net assets are restricted for the Housing Choice Voucher Fund. \$1,978,207 is restricted for insurance proceeds received.

NOTE 16 - SUBSEQUENT EVENTS The entire Low Rent site, the office and much of the Section Eight Voucher sites were flooded in August 2016. The Low Rent and original office are still not usable. A determination has been made that all of the standing but unused structures must be demolished and removed. Due to flood plain issues, the site may not be rebuilt on the original site. Management is seeking an alternative site to purchase and rebuild. On February 26, 2019, the Authority was awarded \$9,543,384 by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) to accomplish to this task. This funding is authorized under Section 428 of the Robert T. Stafford Act. The grant expires in 2022.

NOTE 17 – TRANSFER OF SECTION EIGHT DISASTER RESERVES In the year ended September 30, 2017, at the direction of HUD, \$58,822 of DVP Administration Reserves left over were transferred to the Housing Choice Voucher Program (HCV). The HCV admin fees were depleted due to so many HCV units that were off line as a result of the 2016 flood.

HUD directed Management to seek legal counsel to determine whether additional left over Disaster funds might be transferred to the HCV Fund. Legal counsel advised that transfers were permissible under Notice PIH 2007-26. As a result, \$70,000 of Katrina left over reserves were transferred in the year ended September 30, 2017. \$24,563 were transferred during the year ended September 30, 2018. No transfers were made in the year ended September 30, 2019.



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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 Denham Springs
Denham Springs, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the discretely presented component units, and each major fund of the Housing Authority of the City of Denham Springs, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Denham Springs, Louisiana's basic financial statements, and have issued our report thereon dated April 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Denham Springs, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Denham Springs, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Denham Springs, 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 City of Denham Springs, 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
April 8, 2020



MIKE ESTES, CPA

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AUDIT QUALITY CENTER

Report on Compliance For Each Major Federal Program; Report on Internal
Control Over Compliance; and Report on the Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Housing Authority of Denham Springs
Denham Springs, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Denham Springs, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Denham Springs, Louisiana's major federal programs for the year ended September 30, 2019. The Housing Authority of the City of Denham Springs, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Denham Springs, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Denham Springs, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Denham Springs, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Denham Springs, Louisiana complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Denham Springs, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Denham Springs, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Denham Springs, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Housing Authority of the City of Denham Springs, Louisiana as of and for the year ended September 30, 2019, and have issued our report thereon dated April 8, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
April 8, 2020

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2019

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	\$ 73,232
Capital Fund Program	14.872	86,019
Housing Choice Voucher	14.871	816,164
Total United States Department of Housing and Urban Development		\$ 975,415
Homeland Security- FEMA	97.036	70,186
Total Expenditures of Federal Awards		\$ 1,045,601

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2019

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 City of Denham Springs, Louisiana (the “Housing Authority”) under programs of the federal government for the year ended September 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority.

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

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

		Federal Sources
Enterprise Funds		
Governmental operating grants	\$	1,045,601
Capital contributions		0
Total	\$	1,045,601

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

NOTE 5 – DE MINIMIS INDIRECT COST RATE The Housing Authority did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2019

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

Audit of Federal Awards

1. Internal Control Over Major Programs:
 - a. Material weakness(es) identified? _____ yes ✓ no
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes ✓ none reported
2. Type of Auditor’s Report Issued on Compliance For Major Programs – Unmodified.
3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200)? _____ yes ✓ no
4. The programs tested as major programs include:

CFDA# 14.871 Section 8 Housing Choice Voucher
5. Dollar threshold used to distinguish between Type A and Type B Programs as described in the Uniform Guidance (2 CFR 200): \$ 750,000
6. Auditee qualified as low-risk auditee under Uniform Guidance (2 CFR 200)? ✓ yes _____ no
7. Nonstatistical sampling was used. To determine sample sizes, the AICPA Audit Guide *Audit Sampling* was used.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2019

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 DENHAM SPRINGS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2019

Section III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

None

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED SEPTEMBER 30, 2019

There were no audit findings.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2019

The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:

There were no prior audit findings.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2019

CASH BASIS

	2013 Capital Fund	2014 Capital Fund	2015 Capital Fund	2016 Capital Fund	2017 Capital Fund	2018 Capital Fund
Funds approved	\$ 49,483	\$ 51,346	\$ 54,872	\$ 57,581	\$ 60,258	\$ 86,797
Funds expended	49,483	51,346	54,872	57,581	60,258	86,019
Excess of funds approved	<u>\$ 0</u>	<u>\$ 778</u>				
Funds advanced	\$ 49,483	\$ 51,346	\$ 54,872	\$ 57,581	\$ 60,258	\$ 86,019
Funds expended	49,483	51,346	54,872	57,581	60,258	86,019
Excess (Deficiency) of funds advanced	<u>\$ 0</u>					

See accountant's report

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

YEAR ENDED SEPTEMBER 30, 2019

Agency Head Name: Fred Banks, Executive Director

Purpose	Amount
Salary	\$ 66,950
Benefits-insurance	
Benefits-retirement	6,025
Benefits	
Car allowance	
Vehicle provided by government	
Per diem	
Reimbursements	
Travel	2,100
Registration fees	443
Conference travel	6,962
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
Total	\$ 82,480

See accountant's report



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AGREED UPON PROCEDURES REPORT

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Board of Directors of the Denham Springs Housing Authority and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Denham Springs Housing Authority and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The Denham Springs Housing Authority's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation 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 this 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.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results of Testing:

During the audit year, the Authority adopted a revised Travel and Expense Reimbursement policy, that adopted the gsa.gov per diem guidelines. In March 2020, the Authority adopted a Budget and Financial Reporting Policy, a Purchasing, Disbursements and Contracting (combined) Policy, a Billing and Receipts Policy, a Credit Card Policy, and revised its Ethics Policy. Also, Management obtained satisfactory responses regarding (k) above from both its fee accountant and also its software provider.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results of Testing:

- a) The board of commissioners met with a quorum on a basis in accordance with its bylaws.
- b) The minutes do not reflect that the board reviewed year-to-date monthly income and expenses compared to actual amounts.
- c) The unassigned fund balance at the end of the prior year was a positive amount.

Corrective Action Response:

In the future, we will note in the minutes that the board reviewed the year-to-date monthly income and expenses compared to actual amounts.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of Testing:

Year 3 instructions state that if there were no Year 2 exceptions in a test area, the tests may be omitted. Since there were no Year 2 exceptions in this category, these tests are omitted.

Collections (excluding EFTs)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results of Testing:

The units are not usable since the 2016 flood. Therefore, there were no rent receipts.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results of Testing:

The units are not usable since the 2016 flood. Therefore, there were no rent receipts.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results of Testing:

The units are not usable since the 2016 flood. Therefore there were no rent receipts. However, HUD funds the Housing Choice Voucher program by direct despots. The office employees are covered by a bond.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results of Testing:

Not applicable.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of Testing:

- a) During the audit year, the Travel Policy was revised to use the reimbursement rate as listed at www.gsa.gov.
- b) Tested reimbursements for actual costs were supported by original itemized receipts that identified precisely what was purchased.
- c) Each tested reimbursement is supported by documentation of the business/public purpose.
- d) Each tested reimbursement was reviewed and approved in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results of Testing:

Management asserts that no termination payments were made during the year. We noted no termination payments were made.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results of Testing:

Since there were no Year 2 exceptions in this category, these tests are omitted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results of Testing:

- a) Management provided certificates for the five tested employees.
- b) Management did not obtain attestations in writing from each employee and board member that they read the Ethics Policy during the audit year.

Corrective Action Response:

We will ensure that the board and employees obtain the required ethics training each year.

We will obtain attestations in writing that each employee and board member read the Ethics Policy during the audit year.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Results of Testing:

Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results of Testing:

Not applicable.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results of Testing:

Management asserts that there were no misappropriations of public funds or assets that they are aware of. We noted none during the audit year.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of Testing:

The notice s properly posted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
April 8, 2020

**HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES**

YEAR ENDED SEPTEMBER 30, 2019

Entity Wide Balance Sheet Summary									
	Project Total	14.IKE DHAP- IKE	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	97.109 Disaster Housing Assistance Grant	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$202,455	\$219,304	\$44,111	\$49,323	\$79,000		\$594,193		\$594,193
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted	\$1,978,207		\$54,920				\$2,033,127		\$2,033,127
114 Cash - Tenant Security Deposits									
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$2,180,662	\$219,304	\$99,031	\$49,323	\$79,000	\$0	\$2,627,320	\$0	\$2,627,320
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	\$15,044						\$15,044		\$15,044
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous				\$1,488,735			\$1,488,735		\$1,488,735
126 Accounts Receivable - Tenants									
126.1 Allowance for Doubtful Accounts - Tenants									
126.2 Allowance for Doubtful Accounts - Other	\$0			-\$1,264,229			-\$1,264,229		-\$1,264,229
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	\$15,044	\$0	\$0	\$224,506	\$0	\$0	\$239,550	\$0	\$239,550
131 Investments - Unrestricted	\$167,735						\$167,735		\$167,735
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$46,233		\$1,445				\$47,678		\$47,678
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From	\$0						\$0	-\$50	-\$50
145 Assets Held for Sale									
150 Total Current Assets	\$2,409,674	\$219,304	\$100,476	\$273,829	\$79,000	\$0	\$3,082,263	-\$50	\$3,082,233
161 Land	\$17,200						\$17,200		\$17,200
162 Buildings									
163 Furniture, Equipment & Machinery - Dwellings									
164 Furniture, Equipment & Machinery - Administration	\$14,225						\$14,225		\$14,225
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$8,535						-\$8,535		-\$8,535
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$22,890	\$0	\$0	\$0	\$0	\$0	\$22,890	\$0	\$22,890
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	\$22,890	\$0	\$0	\$0	\$0	\$0	\$22,890	\$0	\$22,890
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$2,432,564	\$219,304	\$100,476	\$273,829	\$79,000	\$0	\$3,105,173	-\$50	\$3,105,123

**HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES**

YEAR ENDED SEPTEMBER 30, 2019

Entity Wide Balance Sheet Summary									
	Project Total	14.IKE DHAP- IKE	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	97.109 Disaster Housing Assistance Grant	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$602		\$187				\$789		\$789
313 Accounts Payable >90 Days Past Due				\$5			\$5		\$5
321 Accrued Wage/Payroll Taxes Payable	\$1,347						\$1,347		\$1,347
322 Accrued Compensated Absences - Current Portion	\$2,648		\$1,582				\$4,230		\$4,230
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits									
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	\$564			\$224,506			\$225,070		\$225,070
347 Inter Program - Due To		\$50	\$0				\$50	-\$50	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$5,161	\$50	\$1,769	\$224,511	\$0	\$0	\$231,491	-\$50	\$231,441
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	\$21,617		\$4,261				\$25,878		\$25,878
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$21,617	\$0	\$4,261	\$0	\$0	\$0	\$25,878	\$0	\$25,878
300 Total Liabilities	\$26,778	\$50	\$6,030	\$224,511	\$0	\$0	\$257,369	-\$50	\$257,319
400 Deferred Inflow of Resources									
508.4 Net Investment in Capital Assets	\$22,890						\$22,890		\$22,890
511.4 Restricted Net Position	\$1,987,207		\$54,920			\$0	\$2,042,127		\$2,042,127
512.4 Unrestricted Net Position	\$395,689	\$219,254	\$39,526	\$49,318	\$79,000	\$0	\$782,787		\$782,787
513 Total Equity - Net Assets / Position	\$2,405,786	\$219,254	\$94,446	\$49,318	\$79,000	\$0	\$2,847,804	\$0	\$2,847,804
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,432,564	\$219,304	\$100,476	\$273,829	\$79,000	\$0	\$3,105,173	-\$50	\$3,105,123

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2019

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue			
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$73,232	\$86,019	\$159,251
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants	\$70,186		\$70,186
71100 Investment Income - Unrestricted	\$2,908		\$2,908
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	\$968,228		\$968,228
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$1,114,554	\$86,019	\$1,200,573
91100 Administrative Salaries	\$80,925		\$80,925
91200 Auditing Fees	\$11,685		\$11,685
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$2,028		\$2,028
91500 Employee Benefit contributions - Administrative	\$12,705		\$12,705
91600 Office Expenses	\$14,192		\$14,192
91700 Legal Expense			
91800 Travel	\$9,384		\$9,384
91810 Allocated Overhead			
91900 Other	\$4,612		\$4,612
91000 Total Operating - Administrative	\$135,531	\$0	\$135,531
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$894		\$894
93200 Electricity	\$3,871		\$3,871
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer	\$431		\$431

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2019

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$5,196	\$0	\$5,196
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other	\$574		\$574
94300 Ordinary Maintenance and Operations Contracts	\$2,663		\$2,663
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$3,237	\$0	\$3,237
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	\$65		\$65
96120 Liability Insurance	\$6,377		\$6,377
96130 Workmen's Compensation	\$2,470		\$2,470
96140 All Other Insurance	\$41,460		\$41,460
96100 Total insurance Premiums	\$50,372	\$0	\$50,372
96200 Other General Expenses			
96210 Compensated Absences	\$4,702		\$4,702
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$4,702	\$0	\$4,702
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	\$199,038	\$0	\$199,038
97000 Excess of Operating Revenue over Operating Expenses	\$915,516	\$86,019	\$1,001,535
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized	\$25,572		\$25,572
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$2,846		\$2,846
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$227,456	\$0	\$227,456

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2019

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
10010 Operating Transfer In	\$86,019		\$86,019
10020 Operating transfer Out		-\$86,019	-\$86,019
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)	\$86,019	-\$86,019	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$973,117	\$0	\$973,117
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,432,669	\$0	\$1,432,669
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	0		0
11210 Number of Unit Months Leased	0		0
11270 Excess Cash	\$363,487		\$363,487
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$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 DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES**

YEAR ENDED SEPTEMBER 30, 2019

Entity Wide Revenue and Expense Summary									
	Project Total	14.IKE DHAP-IKE	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	97.109 Disaster Housing Assistance Grant	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue									
70400 Tenant Revenue - Other									
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$159,251		\$816,164				\$975,415		\$975,415
70610 Capital Grants									
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants	\$70,186						\$70,186		\$70,186
71100 Investment income - Unrestricted	\$2,908		\$8	\$49			\$2,965		\$2,965
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	\$968,228		\$18,785				\$987,013		\$987,013
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	\$1,200,573	\$0	\$834,957	\$49	\$0	\$0	\$2,035,579	\$0	\$2,035,579
91100 Administrative Salaries	\$80,925		\$37,281				\$118,206		\$118,206
91200 Auditing Fees	\$11,685		\$8,815				\$20,500		\$20,500
91300 Management Fee									
91310 Book-keeping Fee									
91400 Advertising and Marketing	\$2,028						\$2,028		\$2,028
91500 Employee Benefit contributions - Administrative	\$12,705		\$16,797				\$29,502		\$29,502
91600 Office Expenses	\$14,192		\$24,287				\$38,479		\$38,479
91700 Legal Expense									
91800 Travel	\$9,384		\$5,983				\$15,367		\$15,367
91810 Allocated Overhead									
91900 Other	\$4,612		\$54				\$4,666		\$4,666
91000 Total Operating - Administrative	\$135,531	\$0	\$93,217	\$0	\$0	\$0	\$228,748	\$0	\$228,748
92000 Asset Management Fee									
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other									
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$894						\$894		\$894
93200 Electricity	\$3,871						\$3,871		\$3,871
93300 Gas									
93400 Fuel									
93500 Labor									
93600 Sewer	\$431						\$431		\$431

**HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES**

YEAR ENDED SEPTEMBER 30, 2019

Entity Wide Revenue and Expense Summary									
	Project Total	14.IKE DHAP-IKE	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	97.109 Disaster Housing Assistance Grant	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	\$5,196	\$0	\$0	\$0	\$0	\$0	\$5,196	\$0	\$5,196
94100 Ordinary Maintenance and Operations - Labor									
94200 Ordinary Maintenance and Operations - Materials and Other	\$574						\$574		\$574
94300 Ordinary Maintenance and Operations Contracts	\$2,663						\$2,663		\$2,663
94500 Employee Benefit Contributions - Ordinary Maintenance									
94000 Total Maintenance	\$3,237	\$0	\$0	\$0	\$0	\$0	\$3,237	\$0	\$3,237
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$65						\$65		\$65
96120 Liability Insurance	\$6,377						\$6,377		\$6,377
96130 Workmen's Compensation	\$2,470		\$1,023				\$3,493		\$3,493
96140 All Other Insurance	\$41,480		\$317				\$41,777		\$41,777
96100 Total insurance Premiums	\$50,372	\$0	\$1,340	\$0	\$0	\$0	\$51,712	\$0	\$51,712
96200 Other General Expenses			\$7,130				\$7,130		\$7,130
96210 Compensated Absences	\$4,702		\$2,072				\$6,774		\$6,774
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents			\$5,900				\$5,900		\$5,900
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$4,702	\$0	\$15,102	\$0	\$0	\$0	\$19,804	\$0	\$19,804
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$199,038	\$0	\$109,659	\$0	\$0	\$0	\$308,697	\$0	\$308,697
97000 Excess of Operating Revenue over Operating Expenses	\$1,001,535	\$0	\$725,298	\$49	\$0	\$0	\$1,726,882	\$0	\$1,726,882
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized	\$25,572						\$25,572		\$25,572
97300 Housing Assistance Payments			\$825,426				\$825,426		\$825,426
97350 HAP Portability-In			\$16,465				\$16,465		\$16,465
97400 Depreciation Expense	\$2,846						\$2,846		\$2,846
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$227,456	\$0	\$951,550	\$0	\$0	\$0	\$1,179,006	\$0	\$1,179,006

**HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES**

YEAR ENDED SEPTEMBER 30, 2019

Entity Wide Revenue and Expense Summary									
	Project Total	14.IKE DHAP-IKE	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	97.109 Disaster Housing Assistance Grant	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
10010 Operating Transfer In	\$86,019						\$86,019	-\$86,019	\$0
10020 Operating transfer Out	-\$86,019						-\$86,019	\$86,019	\$0
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$973,117	\$0	-\$116,593	\$49	\$0	\$0	\$856,573	\$0	\$856,573
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,432,669	\$219,254	\$211,039	\$49,269	\$79,000	\$0	\$1,991,231		\$1,991,231
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			\$39,526				\$39,526		\$39,526
11180 Housing Assistance Payments Equity			\$54,920				\$54,920		\$54,920
11190 Unit Months Available	0		1673				1673		1673
11210 Number of Unit Months Leased	0		1673				1673		1673
11270 Excess Cash	\$363,487						\$363,487		\$363,487
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$0						\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$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