

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED SEPTEMBER 30, 2018

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, 2018, 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, 2018, 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 18, 2019 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.
Fort Worth, Texas
April 18, 2019

HOUSING AUTHORITY OF DENHAM SPRINGS, LA

REQUIRED SUPPLEMENTAL INFORMATION

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
September 30, 2018**

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, 2018. 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 \$1,991,231 at the close of the fiscal year ended 2018.
 - ✓ Of this amount \$25,735 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, \$1,291,859 of net position is restricted for various reasons.
 - ✓ The remainder of \$673,637 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 64% of the total operating expenses of \$1,054,460 for the fiscal year 2018, which means the Authority might be able to operate about 8 months using the unrestricted assets alone, compared to 24 months in the prior fiscal year.
- The Housing Authority's total net position increased by \$86,132, a 5% increase from the prior fiscal year 2017.
- The increase in net position of these funds was accompanied by an increase in cash and cash equivalents of \$65,950.
- These changes led to an increase in total assets by \$57,144 and a decrease in total liabilities by \$28,988. As related measure of financial health, there are still over \$57 of current assets covering each dollar of total current liabilities, which compares to \$29 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2018?" The Statement of net position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

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

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

USING THIS ANNUAL REPORT

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

Public Housing Capital Fund Program	\$ 60,258
Low Rent Public Housing	173,435
Housing Choice Vouchers	<u>882,345</u>
Total funding received this current fiscal year	<u>\$ 1,116,038</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 \$1,991,231 as of September 30, 2018. Of this amount, \$25,735 was invested in capital assets, \$1,291,859 restricted and \$673,637 unrestricted.

CONDENSED FINANCIAL STATEMENTS

**Condensed Statement of Net Position
As of September 30, 2018**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets	\$ 2,023,554	\$ 1,963,566
Capital assets, net of depreciation	25,735	28,579
Other assets	224,506	224,506
Total assets	<u>2,273,795</u>	<u>2,216,651</u>
LIABILITIES		
Current liabilities	35,536	68,680
Non-current liabilities	247,028	242,872
Total liabilities	<u>282,564</u>	<u>311,552</u>
NET POSITION		
Invested in capital assets, net of depreciation	25,735	28,579
Net position restricted for the Housing Choice Voucher program	1,291,859	52,465
Unrestricted net position	673,637	1,824,055
Total net position	<u>\$ 1,991,231</u>	<u>\$ 1,905,099</u>

CONDENSED FINANCIAL STATEMENTS (Continued)

The net position of these funds increased by \$86,132, or by 5%, from those of fiscal year 2017, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

	2018	2017
OPERATING REVENUES		
Governmental operating grants	1,116,038	733,626
Other	22,737	12,620
	1,138,775	746,246
OPERATING EXPENSES		
Administration	232,530	233,562
Tenant services	0	120
Utilities	5,565	8,368
Ordinary maintenance & operations	1,996	692
General expenses	70,366	66,000
Depreciation	2,846	2,845
Housing assistance payments	693,546	539,608
Casualty losses- non capitalized	32,175	70,357
Ports In	15,436	0
	1,054,460	921,552
Income (Loss) from Operations	84,315	(175,306)
Non Operating Revenues (Expenses)		
Interest earnings	1,817	748
Insurance proceeds	0	1,947,478
Loss of disposal of capital assets	0	(1,467,171)
	1,817	481,055
Income (Loss) before contribution	86,132	305,749
Other Changes in Net Assets		
Federal grants for capital expenditures	0	0
Change in net position	86,132	305,749
Total net position - beginning	1,905,099	1,599,350
Total net position - ending	\$ 1,991,231	\$ 1,905,099

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating, and non-operating revenues decreased \$86,709 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Federal revenues from HUD for operations increased by \$382,412 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.
- Total non-operating revenue decreased principally because \$1,947,478 of insurance proceeds were received in the prior year.

Compared with the prior fiscal year, total operating expenses increased \$132,908, or by 14%, 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 \$1,304 from that of the prior fiscal year due to changes in the following: Materials used decreased by \$77 and contract labor costs increased by \$1,381.
- General Expenses increased by \$4,366 from that of the prior fiscal year. PILOT is calculated as a percentage of rent minus utilities and therefore changed proportionately to the changes in each of these. Insurance premiums decreased by \$5,985 and other general expenses increased by \$4,855. Lastly, compensated absences increased by \$5,496.
- Administrative Expenses decreased by \$1,032 from that of the prior fiscal year due to a combination of factors. Administrative staff salaries decreased by \$2,331 and related employee benefit contributions decreased by \$7,469; therefore, total staff salaries and benefit costs decreased. Outside professional fees changed as follows: audit fees increased by \$3,000. In addition, staff travel reimbursements increased by \$5,960, office expenses decreased by \$30 and sundry expenses decreased by \$162.
- Housing Assistance Payments and Port-In to landlords increased by \$169,374 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 \$2,803 from that of the prior fiscal year because water cost increased by \$494, electricity cost decreased by \$1,625, gas cost decreased by \$9, and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) decreased by \$1,663.
- Total Tenant Services decreased by \$120 from that of the prior fiscal year due to the following combination of factors: other tenant services decreased by \$120.
- Casualty losses decreased by \$38,182 from that of the prior fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2018, 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 2017 through 2017, 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, 2018**

	<u>2018</u>	<u>2017</u>
Land	\$ 17,200	\$ 17,200
Furniture and equipment	14,225	14,225
Accumulated Depreciation	(5,690)	(2,846)
Total	<u>\$ 25,735</u>	<u>\$ 28,579</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 2019 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, 2018

	General	Housing Choice Voucher	Total Primary Government	Component Units	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 186,908	\$ 338,353	\$ 525,261	\$ 8,778	\$ 534,039
Investments - Unrestricted	165,963	0	165,963	0	165,963
Accounts receivable net	0	5,837	5,837	20,008	25,845
Interest receivable	375	0	375	0	375
Prepaid items and other assets	34,121	138	34,259	29,764	64,023
Restricted assets - cash and cash equivalents	1,120,161	171,698	1,291,859	210,126	1,501,985
Total Current Assets	<u>1,507,528</u>	<u>516,026</u>	<u>2,023,554</u>	<u>268,676</u>	<u>2,292,230</u>
Capital Assets, net					
Land and other non-depreciated assets	17,200	0	17,200	669,824	687,024
Other capital assets - net of depreciation	8,535	0	8,535	8,283,577	8,292,112
Total Capital Assets, net	<u>25,735</u>	<u>0</u>	<u>25,735</u>	<u>8,953,401</u>	<u>8,979,136</u>
Noncurrent					
Other Assets	224,506	0	224,506	109,346	333,852
Total Assets	<u>\$ 1,757,769</u>	<u>516,026</u>	<u>2,273,795</u>	<u>\$ 9,331,423</u>	<u>\$ 11,605,218</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 10,156	\$ 2,123	\$ 12,279	\$ 42,949	\$ 55,228
Unearned income	19,465	0	19,465	2,116	21,581
Compensated absences payable	2,560	1,232	3,792	0	3,792
Accrued interest payable	0	0	0	10,567	10,567
Current portion of notes payable	0	0	0	72,529	72,529
Construction costs payable	0	0	0	161,718	161,718
Deposits due others	0	0	0	32,444	32,444
Total Current Liabilities	<u>32,181</u>	<u>3,355</u>	<u>35,536</u>	<u>322,323</u>	<u>357,859</u>
Noncurrent Liabilities					
Compensated absences payable	19,144	3,378	22,522	0	22,522
Noncurrent portion of notes payable	0	0	0	2,770,269	2,770,269
Noncurrent liabilities - other	224,506	0	224,506	1,745,919	1,970,425
Total Noncurrent Liabilities	<u>243,650</u>	<u>3,378</u>	<u>247,028</u>	<u>4,516,188</u>	<u>4,763,216</u>
Total Liabilities	<u>275,831</u>	<u>6,733</u>	<u>282,564</u>	<u>4,838,511</u>	<u>5,121,075</u>
NET POSITION					
Net investment in capital assets, net of					
related debt	25,735	0	25,735	6,110,603	6,136,338
Restricted	1,120,161	171,698	1,291,859	210,126	1,501,985
Unrestricted	336,042	337,595	673,637	(1,827,817)	(1,154,180)
Net Position	<u>1,481,938</u>	<u>509,293</u>	<u>1,991,231</u>	<u>4,492,912</u>	<u>6,484,143</u>

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, 2018

	General	Housing Choice Voucher	Total Primary Government	Component Units	Total
OPERATING REVENUES					
Dwelling rental	\$ 0	\$ 0	\$ 0	\$ 566,278	\$ 566,278
Governmental operating grants	233,693	882,345	1,116,038	0	1,116,038
Other	6,316	16,421	22,737	10,993	33,730
Total Operating Revenues	240,009	898,766	1,138,775	577,271	1,716,046
OPERATING EXPENSES					
Administration	146,453	86,077	232,530	101,917	334,447
Casualty losses	32,175	0	32,175	0	32,175
Utilities	5,565	0	5,565	77,631	83,196
Ordinary maintenance & operations	1,996	0	1,996	76,396	78,392
General expenses	60,202	10,164	70,366	250,418	320,784
Depreciation	2,846	0	2,846	432,146	434,992
Housing assistance payments	0	693,546	693,546	0	693,546
Port-in housing assistance payments	0	15,436	15,436	0	15,436
Total Operating Expenses	249,237	805,223	1,054,460	938,508	1,992,968
Income (Loss) from Operations	(9,228)	93,543	84,315	(361,237)	(276,922)
Non Operating Revenues (Expenses)					
Interest earnings	1,805	12	1,817	107	1,924
Interest expense	0	0	0	(229,344)	(229,344)
Total Non-Operating Revenues (Expenses)	1,805	12	1,817	(229,237)	(227,420)
Income (Loss) before contribution	(7,423)	93,555	86,132	(590,474)	(504,342)
Capital Contribution	0	0	0	0	0
Change in net position	(7,423)	93,555	86,132	(590,474)	(504,342)
Total net position - beginning	1,489,361	415,738	1,905,099	5,083,386	6,988,485
Total net position - ending	\$ 1,481,938	509,293	1,991,231	4,492,912	\$ 6,484,143

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, 2018

	General	Housing Choice Voucher	Total Primary Government	Component Unit	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Rental receipts	\$ 0	\$ 0	\$ 0	\$ 575,597	\$ 575,597
Other receipts (expenses)	89,581	(75,052)	14,529	2,145,468	2,159,997
Federal grants	233,693	882,345	1,116,038	0	1,116,038
Payments to vendors	(158,555)	(44,040)	(202,595)	(1,061,941)	(1,264,536)
Payments to employees – net	(103,507)	(50,431)	(153,938)	(87,647)	(241,585)
Payments to private landlords	0	(708,982)	(708,982)	0	(708,982)
Net cash provided (used) by operating activities	61,212	3,840	65,052	1,571,477	1,636,529
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest Paid	0	0	0	(229,630)	(229,630)
Purchase of assets	0	0	0	(1,514,791)	(1,514,791)
Repayment of Debt	0	0	0	(44,043)	(44,043)
Net cash provided (used) by capital and related financing activities	0	0	0	(1,788,464)	(1,788,464)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	1,428	12	1,440	107	1,547
Purchase of investments	(542)	0	(542)	0	(542)
Net cash provided (used) by investing activities	886	12	898	107	1,005
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	62,098	3,852	65,950	(216,880)	(150,930)
CASH AND CASH EQUIVALENTS					
Beginning of Fiscal Year	1,244,971	506,199	1,751,170	435,784	2,186,954
CASH AND CASH EQUIVALENTS					
End of Fiscal Year	\$ 1,307,069	510,051	1,817,120	\$ 218,904	2,036,024

Continued

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2018

	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)	\$ (9,228)	\$ 93,543	\$ 84,315	\$ (361,237)	\$ (276,922)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation Expense	2,846	0	2,846	432,146	434,992
Change in assets and liabilities:					
A/P Vendors	(23,546)	1,050	(22,496)	(569,275)	(591,771)
Prepaid items	7,875	(138)	7,737	1,361	9,098
Security deposits	(7,350)	0	(7,350)	10,759	3,409
Receivables	0	0	0	2,057,723	2,057,723
Due to/from	37,879	(37,879)	0	0	0
Net cash provided (used) by operations	<u>\$ 8,476</u>	<u>\$ 56,576</u>	<u>\$ 65,052</u>	<u>\$ 1,571,477</u>	<u>\$ 1,636,529</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, 2018

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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 units will be rebuilt.

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:

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

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

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, 2017 (a nine month difference than the primary entity).

Ashley Place I, II, and III have been audited for the year ended December 31, 2017, 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
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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 \$218,904. This is comprised of cash and cash equivalents of \$8,778 and restricted assets – cash of \$210,126, on the statement of net position.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
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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.

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

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

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

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

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I. UNEARNED INCOME The Housing Authority reports prepaid revenues on its balance sheet. Deferred 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 deferred revenue is removed from the statement of net assets sheet 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
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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, 2018. 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 Investment: \$19,465 is restricted for an amount equal to unearned revenue. \$1,100,696 of insurance proceeds are also restricted.

Restricted Cash: \$171,698 is restricted in the Housing Choice Voucher fund for HAP Equity.

At September 30, 2018, the Housing Authority's carrying amount of deposits was \$1,982,938 and the bank balance was \$1,990,895, which includes \$165,963 in certificates of deposits classified as investments. Petty cash consists of \$145. \$500,000 of the bank balance was covered by FDIC Insurance. The remaining bank balance of \$1,490,895 was covered by pledged securities. However, this \$1,490,895 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
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Restricted Cash – Component Units

<u>Restricted Cash</u>	Ashley Place I	Ashley Place II	Ashley Place III	Total
Tax and insurance escrow	\$ 14,595	\$ 10,032	\$ 12,170	\$ 36,797
Tenant's security deposits	11,855	11,914	8,675	32,444
Operating reserve	21,094	2,125	8,422	31,641
Replacement reserve	40,626	31,343	37,275	109,244
Balance ending	<u>88,170</u>	<u>55,414</u>	<u>66,542</u>	<u>210,126</u>

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at September 30, 2018, are as follows:

<u>Class of Receivables</u>	General	Housing Choice Voucher	Total
Local sources:			
HUD	0	5,837	5,837
Total	<u>\$ 0</u>	<u>\$ 5,837</u>	<u>\$ 5,837</u>

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
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SEPTEMBER 30, 2018

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, 2017 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	146,492	120,000	120,000	386,492
	<u>360,802</u>	<u>569,718</u>	<u>520,538</u>	<u>1,451,058</u>
Allowance for doubtful accounts	311,651	475,720	439,181	1,226,552
Total Non-current receivables	<u><u>49,151</u></u>	<u><u>93,998</u></u>	<u><u>81,357</u></u>	<u><u>224,506</u></u>

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

	Beginning Balance	Additions	Deletions	Ending 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	<u>31,425</u>	<u>0</u>	<u>0</u>	<u>31,425</u>
Less: accumulated depreciation				
Furniture and equipment	2,846	2,844	0	5,690
Total accumulated deprecation	<u>2,846</u>	<u>2,844</u>	<u>0</u>	<u>5,690</u>
Total capital assets, net	<u><u>\$ 28,579</u></u>	<u><u>\$ (2,844)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 25,735</u></u>

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.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
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Discretely Presented Component Units

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land	\$ 669,824	\$ 0	\$ 0	\$ 669,824
Buildings	9,887,834	1,514,791	0	11,402,625
Furniture and equipment	1,056,027	0	0	1,056,027
Total	11,613,685	1,514,791	0	13,128,476
Less: accumulated depreciation	3,731,812	443,263	0	4,175,075
Total capital assets, net	\$ 7,881,873	\$ 1,071,528	\$ 0	\$ 8,953,401

NOTE 6 – ACCOUNTS PAYABLE The payables at September 30, 2018 are as follows:

	General	Housing Choice Voucher	Total
Vendors	\$ 9,838	\$ 2,123	\$ 11,961
Utilities	318	0	318
Total	\$ 10,156	\$ 2,123	\$ 12,279

Component Units

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

NOTE 7 – COMPENSATED ABSENCES At September 30, 2018, employees of the Housing Authority have accumulated and vested \$26,314 of employee leave computed in accordance with GASB, Codification Section C60.

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NOTE 8 – LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended September 30, 2018.

	Compensated Absences	Non-Current Liabilities	Total
Balance, beginning	\$ 21,429	\$ 224,506	\$ 245,935
Additions	5,303	0	5,303
Deletions	418	0	418
Balance, ending	26,314	224,506	250,820
Amounts due in one year	\$ 3,792	\$ 0	\$ 3,792

Discretely Presented Component Units

	Notes Payable	Developer and Other Fees	Deferred Development Fee	Total
Balance, beginning	\$ 2,886,846	\$ 685,628	\$ 1,022,915	\$ 4,595,389
Additions	0	37,376	0	37,376
Deletions	44,043	0	0	44,043
Balance, ending	2,842,803	723,004	1,022,915	4,588,722
Amounts due in one year	\$ 72,529	\$ 0	\$ 0	\$ 72,529

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, 2017 receivable from partners less the estimated allowance for uncollectible accounts, as shown on Note 4.

Of the \$654,005 estimated, \$429,499 has been earned and paid to consultants.

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

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NOTE 10 – NOTES PAYABLE Notes payable on discretely presented component units at December 31, 2017 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, 2017, the balance due on the loan was \$1,093,188.

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, 2017, the balance due on the loan was \$1,041,748.

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, 2017, the balance owed to NEF, Inc. was \$63,408. \$13,124 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, 2017, the balance due on the loan was \$631,330.

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

Year Ending December 31,	Amount
2018	\$ 72,529
2019	\$ 77,984
2020	\$ 83,850
2021	\$ 90,159
2022	\$ 96,941
Thereafter	\$ 2,421,335

NOTE 11 – INTERFUND RECEIVABLES AND PAYABLES At September 30, 2018, the Housing Choice Voucher Fund owes the General Fund \$52,686. 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 \$18,552 for the year ended September 30, 2018, of which \$12,423 was paid by the Housing Authority and \$6,129 was paid by employees. No payments were made out of the forfeiture account.

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SEPTEMBER 30, 2018

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Commitments On October 1, 2009, the Authority entered into an Employment Agreement with the Executive Director. The agreement was for five years, unless terminated earlier by either party. The contract was renewed October 1, 2014 with the same terms.

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.

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.

Construction Projects There are certain renovation or construction projects in progress at September 30, 2018. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

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

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

This includes coverage of 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.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
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Guaranty The Housing Authority has entered into a Guaranty Agreement (the “Guaranty”) with respect to Ashley Place Limited Partnership in favor of First Guaranty Bank, and with respect to Ashley Place Development II Limited Partnership, and Ashley Place Development III Limited Partnership in favor of Bank of America, N.A. Under the terms of each Guaranty, the Housing Authority unconditionally guarantees the due payment, performance, and fulfillment to Ashley Place I, II, and III, their limited partners, and specified affiliates of the limited partners, certain guaranteed obligations of Denham Springs Community Corporation. Such obligations shall be payment and performance of each and every guaranteed obligation of the Denham Springs Community Corporation and/or Denham Springs Community GP, LLC arising under the Amended and Restated Agreement of Limited Partnership and under the General Partner Closing Certificate of each partnership. Each Guaranty includes all of the assets of the Housing Authority now owned or hereafter required, except for: (i) the property of the Housing Authority located at 600 Eugene Street, Denham Springs, Louisiana, (ii) the property and funds controlled by the Consolidated Annual Contributions Contract, including amendments, (the “ACC”), and (iii) the funds received by the Housing Authority as proceeds directly pursuant to the ACC. Each Guaranty will remain in force until all of the guaranteed obligations of the Denham Springs Community Corporation and/or Denham Springs Community GP, LLC have expired or been fully performed in accordance with each partnership’s Amended and Restated Agreement of Limited Partnership.

NOTE 14 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$1,116,038 to the Housing Authority, which represents approximately 98% of the Housing Authority’s total revenue and capital contributions for the year.

NOTE 15 – NET ASSETS – RESTRICTED \$171,698 of general net assets are restricted for the Housing Choice Voucher Fund. In addition, \$210,126 is restricted for amounts required by the restricted cash accounts. \$19,465 is restricted for an amount to unearned revenue. \$1,100,696 of insurance proceeds are also restricted.

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. Then, new units and an office will be rebuilt on the original site. 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.

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

SEPTEMBER 30, 2018

NOTE 17 – TRANSFER OF SECTION EIGHT DISASTER RESERVES In the prior audit year, 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 prior audit year. \$24,563 were transferred during the year ended September 30, 2018.



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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 each major fund of the Housing Authority of the City of Denham Springs, Louisiana, as of and for the year ended September 30, 2018, 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 18, 2019.

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*.

We noted a matter that we reported to Management of the Housing Authority of the City of Denham Springs in a separate letter dated April 18, 2019.

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 18, 2019



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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, 2018. 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, 2018.

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 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 charges 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, 2018, and have issued our report thereon dated April 18, 2019, 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 18, 2019

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

YEAR ENDED SEPTEMBER 30, 2018

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	\$ 173,435
Capital Fund Program	14.872	60,258
Housing Choice Voucher	14.871	882,345
Total United States Department of Housing and Urban Development		\$ 1,116,038
Total Expenditures of Federal Awards		\$ 1,116,038

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, 2018

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, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

	Federal Sources
Enterprise Funds	
Governmental operating grants	\$ 1,116,038
Total	\$ 1,116,038

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

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

YEAR ENDED SEPTEMBER 30, 2018

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 Section 510(a) of Circular A-133? _____ 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: \$750,000
6. Auditee qualified as low-risk auditee? _____ 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, 2018

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, 2018

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, 2018

There were no audit findings.

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

YEAR ENDED SEPTEMBER 30, 2018

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.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
SUMMARY SCHEDULE OF PRIOR MANAGEMENT LETTER ITEMS

YEAR ENDED SEPTEMBER 30, 2018

To Management and the Board of Commissioners:

During our audit, we became aware of matters that are opportunities for strengthening internal controls over compliance with requirements of laws, regulations, contracts, and grants applicable to federal program.

Our recommendations are as follows:

2017 – MI – 001 Late Filing of Audit Report

The audit report was not filed within six months of the fiscal year-end, September 30, 2017, as required by Louisiana state law. We noted that Management had spent and continues to spend considerable time in meetings with HUD and FEMA officials to determine the future course of action, and what portions these two governmental entities will pay to rebuild the Low Rent units

Current Status

The Executive Director personally visited on the phone with a representative of the Legislative Auditor, regarding that the audit for the year ended September 30, 2018 would not be filed by March 31, 2019.

After explaining the issues the Authority continues to have, the LLA representative stated, according to the Executive Director, that he would strongly consider granting an extension. An extension request has been filed, but to date the Authority has not received notification of an extension.

We noted that after several meetings and document requests with HUD and FEMA officials, in February 2019, FEMA notified the Authority of a \$9,543,384 grant awarded to the Authority.

SUPPLEMENTARY INFORMATION

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

YEAR ENDED SEPTEMBER 30, 2018

CASH BASIS

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

Agency Head Name: Fred Banks, Executive Director

Purpose	Amount
Salary	\$ 66,950
Benefits-insurance	
Benefits-retirement	5,356
Benefits-	
Car allowance	
Vehicle provided by government	
Per diem	
Reimbursements	
Travel	2,400
Registration fees	600
Conference travel	4,296
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
Total	\$ 79,602

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, 2017 through September 30, 2018. 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 the entity’s written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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**, including receiving, recording, and preparing deposits

- 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, and (5) monitoring card usage
- 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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results of Testing:

- a) Policies-In our opinion, all of the above policies that the Authority has should be revised, to better address items that are emphasized by the Legislative Auditor. We have directed Management to the policies listed above under the Best Practices on the LLA's website. In addition, we have provided policies listed above. The policies must be drafted to the Authority's particular situation.
- b) Budgeting-We also note that since the expenditures per the audit year exceeded \$500,000, a notice should have been posted and also published in a local publication at least ten days before a public hearing to adopt the annual budget. The Authority did not timely publish or post a notice.

Corrective Action Response:

I am Fred Banks, Executive Director and Designated Person to respond to these AUP suggestion. We will do as the auditor suggests.

Board

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results of Testing:

- a) The Board appeared to meet on a regular basis.
- b) The minutes did not note that the Board reviewed the budget-to-actual comparisons at each meeting.
- c) The minutes referenced non-budgetary financial information at each meeting.

We recommend that the minutes should note that budget-to-actual comparisons are made and the review documented.

Corrective Action Response:

We will do as the auditor suggests.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results of Testing:

We received Management's representations that the list is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results of Testing:

- a) Bank reconciliations were prepared on a monthly basis.
- b) Bank reconciliations included evidence that a member of Management [with no involvement in the transactions associated with the bank account reviewed each bank reconciliation.
- c) The year-end bank reconciliations included no checks that had been outstanding for more than 6 months at year-end.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results of Testing:

As a result of the 2016 flood, no units were rentable for the audit year.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results of Testing:

As a result of the 2016 flood, no units were rentable during the audit year.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results of Testing:

Management has a procedure that defines how to determine the completeness of collections, including electronic transfers by a person not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results of Testing:

We obtained Management's representation that the list is complete

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results of Testing:

- a) This is a small entity. In addition, since Low Rent units were not habitable during the year, due to the 2016 flood, purchases were minimal.
- b) See (a) above.
- c) More than one person was involved in the ordering, receiving, and paying of goods and services.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results of Testing:

They are not presently prohibited, although purchases are minimal.

Corrective Action Response:

Language requiring the Executive Director's approval is included in the Purchasing, Disbursement, and Contracting Policy that we will soon adopt.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results of Testing:

One of the persons with signatory authority or who makes the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results of Testing:

The supply of unused checks is maintained in a locked location, with access restricted to those persons who do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results of Testing:

A signature machine is not used. A signature stamp is not used.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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:

Management represented that the list is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, 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) Report whether finance charges and/or late fees were assessed on the selected statements.

Results of Testing:

- a) The monthly statements tested had supporting documentation that the charges were reviewed and approved in writing by someone else other than the authorized card holder.
- b) No finance charges or late fees were assessed on the reviewed statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results of Testing:

- a) There were itemized receipts that described the business purpose.
- b) The tested transactions were in accordance with the Authority's policy and the Louisiana bid law.
- c) For each transaction tested, the transaction was in compliance with the requirements of Article 7, Section 14, of the Louisiana Constitution.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results of Testing:

Management represented the list was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results of Testing:

The Policy is in compliance with the GSA rates

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of Testing:

- a) Travel expenses were in compliance with written policies.
- b) Travel expenses were well documented.
- c) The expense documentation was reviewed by someone.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results of Testing:

Management represented that the list is complete.

21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results of Testing:

- a) Written contracts supported the amounts paid.
- b) The board properly reviewed and approved contracts.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results of Testing:

- a) Payments were made in accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Changes made to the pay rates/salaries during the fiscal period for the tested employees were approved in writing and in accordance with policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results of Testing:

- a) All employees tested documented their daily attendance and leave.
- b) There was written documentation that supervisors approved in writing the attendance and leave of the tested employees.
- c) There was written documentation of earned leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results of Testing:

No termination payments were made in the audit year.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results of Testing:

No exceptions were noted in the above tests.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results of Testing:

- a) None of the Authority’s four employees obtained the required hour of ethics training during the audit year.
- b) However, the four employees obtained the required training in the year ended September 30, 2018.
- c) We recommend that the employees obtain the required annual ethics training each year.

Corrective Action Response:

We will do as the auditor suggests.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results of Testing:

Management represents that no alleged ethics violations were reported during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results of Testing:

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results of Testing:

Not applicable.

30. If the entity had tax mileages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results of Testing:

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results of Testing:

Management represents that they are not aware of any misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of Testing:

Management has posted the notice.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results of Testing:

No exceptions to Management's representations were noted.

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 18, 2019

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

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	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$84,898	\$219,304	\$92,785	\$49,274	\$79,000	\$525,261		\$525,261
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$1,100,696		\$171,698			\$1,272,394		\$1,272,394
114 Cash - Tenant Security Deposits								
115 Cash - Restricted for Payment of Current Liabilities	\$19,465					\$19,465		\$19,465
100 Total Cash	\$1,205,059	\$219,304	\$264,483	\$49,274	\$79,000	\$1,817,120	\$0	\$1,817,120
121 Accounts Receivable - PHA Projects			\$5,532			\$5,532		\$5,532
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous			\$305	\$1,240,059		\$1,240,364		\$1,240,364
126 Accounts Receivable - Tenants								
126.1 Allowance for Doubtful Accounts - Tenants								
126.2 Allowance for Doubtful Accounts - Other			\$0	-\$1,015,553		-\$1,015,553		-\$1,015,553
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable	\$375					\$375		\$375
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$375	\$0	\$5,837	\$224,506	\$0	\$230,718	\$0	\$230,718
131 Investments - Unrestricted	\$165,963					\$165,963		\$165,963
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$34,121		\$138			\$34,259		\$34,259
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From	\$52,736					\$52,736	-\$52,736	\$0
145 Assets Held for Sale								
150 Total Current Assets	\$1,458,254	\$219,304	\$270,458	\$273,780	\$79,000	\$2,300,796	-\$52,736	\$2,248,060
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	-\$5,690					-\$5,690		-\$5,690
167 Construction in Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$25,735	\$0	\$0	\$0	\$0	\$25,735	\$0	\$25,735
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	\$25,735	\$0	\$0	\$0	\$0	\$25,735	\$0	\$25,735
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	\$1,483,989	\$219,304	\$270,458	\$273,780	\$79,000	\$2,326,531	-\$52,736	\$2,273,795

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

YEAR ENDED SEPTEMBER 30, 2018

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	Subtotal	ELIM	Total
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$9,838		\$2,123			\$11,961		\$11,961
313 Accounts Payable >90 Days Past Due				\$5		\$5		\$5
321 Accrued Wage/Payroll Taxes Payable								
322 Accrued Compensated Absences - Current Portion	\$2,560		\$1,232			\$3,792		\$3,792
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	\$19,465					\$19,465		\$19,465
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	\$313			\$224,506		\$224,819		\$224,819
347 Inter Program - Due To		\$50	\$52,686			\$52,736	-\$52,736	\$0
348 Loan Liability - Current								
310 Total Current Liabilities	\$32,176	\$50	\$56,041	\$224,511	\$0	\$312,778	-\$52,736	\$260,042
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	\$19,144		\$3,378			\$22,522		\$22,522
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	\$19,144	\$0	\$3,378	\$0	\$0	\$22,522	\$0	\$22,522
300 Total Liabilities	\$51,320	\$50	\$59,419	\$224,511	\$0	\$335,300	-\$52,736	\$282,564
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	\$25,735					\$25,735		\$25,735
511.4 Restricted Net Position	\$0		\$171,698			\$171,698		\$171,698
512.4 Unrestricted Net Position	\$1,406,934	\$219,254	\$39,341	\$49,269	\$79,000	\$1,793,798		\$1,793,798
513 Total Equity - Net Assets / Position	\$1,432,669	\$219,254	\$211,039	\$49,269	\$79,000	\$1,991,231	\$0	\$1,991,231
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,483,989	\$219,304	\$270,458	\$273,780	\$79,000	\$2,326,531	-\$52,736	\$2,273,795

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

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	\$173,435	\$60,258	\$233,693
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$1,756		\$1,756
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	\$6,316		\$6,316
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$181,507	\$60,258	\$241,765
91100 Administrative Salaries	\$81,823		\$81,823
91200 Auditing Fees	\$11,685		\$11,685
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$24		\$24
91500 Employee Benefit contributions - Administrative	\$20,400		\$20,400
91600 Office Expenses	\$12,771		\$12,771
91700 Legal Expense			
91800 Travel	\$16,364		\$16,364
91810 Allocated Overhead			
91900 Other	\$3,386		\$3,386
91000 Total Operating - Administrative	\$146,453	\$0	\$146,453
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	\$821		\$821
93200 Electricity	\$3,784		\$3,784
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer	\$960		\$960

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$5,565	\$0	\$5,565
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other	\$615		\$615
94300 Ordinary Maintenance and Operations Contracts	\$1,381		\$1,381
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$1,996	\$0	\$1,996
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	\$9,329		\$9,329
96120 Liability Insurance	\$2,476		\$2,476
96130 Workmen's Compensation	\$3,533		\$3,533
96140 All Other Insurance	\$37,245		\$37,245
96100 Total insurance Premiums	\$52,583	\$0	\$52,583
96200 Other General Expenses	\$2,631		\$2,631
96210 Compensated Absences	\$4,988		\$4,988
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	\$7,619	\$0	\$7,619
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	\$214,216	\$0	\$214,216
97000 Excess of Operating Revenue over Operating Expenses	-\$32,709	\$60,258	\$27,549
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized	\$32,175		\$32,175
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	\$249,237	\$0	\$249,237

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2018

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
10010 Operating Transfer In	\$60,258		\$60,258
10020 Operating transfer Out		-\$60,258	-\$60,258
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)	\$60,258	-\$60,258	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$7,472	\$0	-\$7,472
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,440,141	\$0	\$1,440,141
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0
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	\$273,410		\$273,410
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, 2018

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	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue								
70400 Tenant Revenue - Other								
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$233,693		\$882,345			\$1,116,038		\$1,116,038
70610 Capital Grants								
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue						\$0	\$0	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$1,756		\$12	\$49		\$1,817		\$1,817
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	\$6,316		\$16,421			\$22,737		\$22,737
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted								
70000 Total Revenue	\$241,765	\$0	\$898,778	\$49	\$0	\$1,140,592	\$0	\$1,140,592
91100 Administrative Salaries	\$81,823		\$37,258			\$119,081		\$119,081
91200 Auditing Fees	\$11,685		\$8,815			\$20,500		\$20,500
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing	\$24					\$24		\$24
91500 Employee Benefit contributions - Administrative	\$20,400		\$12,221			\$32,621		\$32,621
91600 Office Expenses	\$12,771	\$50	\$23,331		\$50	\$36,202		\$36,202
91700 Legal Expense								
91800 Travel	\$16,364		\$4,352			\$20,716		\$20,716
91810 Allocated Overhead								
91900 Other	\$3,386					\$3,386		\$3,386
91000 Total Operating - Administrative	\$146,453	\$50	\$85,977	\$0	\$50	\$232,530	\$0	\$232,530
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
93100 Water	\$821					\$821		\$821
93200 Electricity	\$3,784					\$3,784		\$3,784
93300 Gas								
93400 Fuel								
93500 Labor								
93600 Sewer	\$960					\$960		\$960

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

YEAR ENDED SEPTEMBER 30, 2018

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	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	\$5,565	\$0	\$0	\$0	\$0	\$5,565	\$0	\$5,565
94100 Ordinary Maintenance and Operations - Labor								
94200 Ordinary Maintenance and Operations - Materials and Other	\$615					\$615		\$615
94300 Ordinary Maintenance and Operations Contracts	\$1,381					\$1,381		\$1,381
94500 Employee Benefit Contributions - Ordinary Maintenance								
94000 Total Maintenance	\$1,996	\$0	\$0	\$0	\$0	\$1,996	\$0	\$1,996
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
96110 Property Insurance	\$9,329					\$9,329		\$9,329
96120 Liability Insurance	\$2,476					\$2,476		\$2,476
96130 Workmen's Compensation	\$3,533		\$1,497			\$5,030		\$5,030
96140 All Other Insurance	\$37,245		\$178			\$37,423		\$37,423
96100 Total insurance Premiums	\$52,583	\$0	\$1,675	\$0	\$0	\$54,258	\$0	\$54,258
96200 Other General Expenses	\$2,631		\$6,356			\$8,987		\$8,987
96210 Compensated Absences	\$4,988		\$2,133			\$7,121		\$7,121
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	\$7,619	\$0	\$8,489	\$0	\$0	\$16,108	\$0	\$16,108
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
96900 Total Operating Expenses	\$214,216	\$50	\$96,141	\$0	\$50	\$310,457	\$0	\$310,457
97000 Excess of Operating Revenue over Operating Expenses	\$27,549	-\$50	\$802,637	\$49	-\$50	\$830,135	\$0	\$830,135
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized	\$32,175					\$32,175		\$32,175
97300 Housing Assistance Payments			\$693,546			\$693,546		\$693,546
97350 HAP Portability-In			\$15,436			\$15,436		\$15,436
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	\$249,237	\$50	\$805,123	\$0	\$50	\$1,054,460	\$0	\$1,054,460

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

YEAR ENDED SEPTEMBER 30, 2018

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	Subtotal	ELIM	Total
10010 Operating Transfer In	\$60,258		\$24,563			\$84,821	-\$84,821	\$0
10020 Operating transfer Out	-\$60,258				-\$24,563	-\$84,821	\$84,821	\$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	\$24,563	\$0	-\$24,563	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$7,472	-\$50	\$118,218	\$49	-\$24,613	\$86,132	\$0	\$86,132
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,440,141	\$219,304	\$92,821	\$49,220	\$103,613	\$1,905,099		\$1,905,099
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0		\$0	\$0		\$0
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			\$39,341			\$39,341		\$39,341
11180 Housing Assistance Payments Equity			\$171,698			\$171,698		\$171,698
11190 Unit Months Available	0		1493			1493		1493
11210 Number of Unit Months Leased	0		1486			1486		1486
11270 Excess Cash	\$273,410					\$273,410		\$273,410
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