

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED SEPTEMBER 30, 2025

Mike Estes, P.C.
A Professional Accounting Corporation

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1 – 3
Management Discussion & Analysis		4 – 10
Basic Financial Statements		
Statement of Net Position	A	11
Statement of Revenues, Expenses, and Changes in Fund Net Position	B	12
Statement of Cash Flows	C	13 – 14
Notes to the Basic Financial Statements		15 – 25
Index		15
Notes to Financial Statements		16– 25
<i><u>Other Reports Required by Government Auditing Standards And by Office of Management and Budget (OMB) Compliance Supplement</u></i>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		26 – 27
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance		28 – 31
Schedule of Expenditures of Federal Awards		32
Notes to the Schedule of Expenditures of Federal Awards		33
Schedule of Findings and Questioned Costs		34 – 38
Corrective Action Plan		39 – 40
Summary Schedule of Prior Audit Findings		41
<i><u>Supplementary Information</u></i>		
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Director	D(1)	42
Agreed-Upon Procedures Report		43 – 55
Financial Data Schedules		56 – 66



MIKE ESTES, CPA

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

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

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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, 2025, 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.

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

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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of Denham Springs, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Denham Springs, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the Housing Authority of the City of Denham Springs, Louisiana's internal control over financial reporting and compliance.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
June 29, 2026

HOUSING AUTHORITY OF DENHAM SPRINGS, LA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

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, 2025. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$9,952,252 at the close of the fiscal year ended 2025.
 - ✓ Of this amount \$8,242,532 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, \$242,226 of net position is restricted for the Housing Choice Voucher program.
- The Housing Authority's total net position increased by \$5,597,531, a 129% increase from the prior fiscal year 2024.
- The increase in net position of these funds was accompanied by a decrease in unrestricted cash by \$500,504 from fiscal year 2024.
- The Authority spent \$6,115,278 on construction in progress.
- These changes led to an increase in total assets by \$5,637,417 and an increase in total liabilities by \$41,049. As related measure of financial health, there are still over \$20 of current assets covering each dollar of total current liabilities, which compares to \$5 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting on the Housing Authority as a Whole

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

Fund Financial Statements

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

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

USING THIS ANNUAL REPORT

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

FEMA	5,524,971
Housing Choice Vouchers	<u>1,483,277</u>
Total funding received this current fiscal year	<u><u>\$ 7,008,248</u></u>

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

Reporting the Housing Authority's Most Significant Funds

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

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

Housing Authority of Denham Springs, LA

Management's Discussion and Analysis (MD&A)

September 30, 2025

FINANCIAL ANALYSIS

The Housing Authority's net position was \$9,952,252 as of December 31, 2025. Of this amount, \$8,242,532 was invested in capital assets and \$1,467,494 was unrestricted. There were \$242,226 in specific assets restricted for the Housing Choice Voucher (HCV) program.

CONDENSED FINANCIAL STATEMENTS

Condensed Statement of Net Position
As of December 31, 2025

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets	\$ 1,868,724	\$ 2,346,585
Other assets	224,506	224,506
Capital assets, net of depreciation	<u>8,242,532</u>	<u>2,127,254</u>
Total assets	<u>10,335,762</u>	<u>4,698,345</u>
LIABILITIES		
Current liabilities	91,699	60,025
Non-current liabilities	<u>291,811</u>	<u>282,436</u>
Total liabilities	<u>383,510</u>	<u>342,461</u>
NET POSITION		
Invested in capital assets, net of depreciation	8,242,532	2,127,254
Net position restricted for the Housing Choice Voucher program	242,226	2,031,565
Unrestricted net position	<u>1,467,494</u>	<u>197,065</u>
Total net position	<u><u>\$ 9,952,252</u></u>	<u><u>\$ 4,355,884</u></u>

The net position of these funds increased by \$5,597,531, or by 129%, from those of fiscal year 2024, as explained below. In the narrative that follows, the detailed factors causing this change are discussed:

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

CONDENSED FINANCIAL STATEMENTS (Continued)

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
Fiscal Year Ended December 31, 2025**

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Tenant Revenue	\$ -	\$ -
HUD grants for operations	1,483,277	977,578
Other non-tenant revenue	159,034	49,885
Other government grants for operations	5,524,971	852,988
Total operating revenues	<u>7,167,282</u>	<u>1,880,451</u>
OPERATING EXPENSES		
General	19,713	36,813
Ordinary maintenance and repairs	10,476	2,353
Administrative expenses and management fees	226,229	230,410
Utilities	10,162	8,157
Federal Housing Assistance Payments (HAP) to landlords & Ports	1,449,080	946,283
Total operating expenses	<u>1,715,660</u>	<u>1,224,016</u>
Income (losses) from operations	<u>5,451,622</u>	<u>656,435</u>
NON-OPERATING REVENUES		
Interest income	6,103	5,792
Gains from sale or disposal of assets	138,643	-
Total non-operating revenues	<u>144,746</u>	<u>5,792</u>
Income (losses) before capital contributions	<u>5,596,368</u>	<u>662,227</u>
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	<u>5,596,368</u>	<u>662,227</u>
NET POSITION - BEGINNING	4,355,884	3,693,657
NET POSITION - END	<u>\$ 9,952,252</u>	<u>\$ 4,355,884</u>

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating and capital contributions increased \$5,425,785 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

- Federal revenues for Housing Choice Voucher from HUD increased by \$505,699 from the prior year, due to more issued vouchers. FEMA and state-related disaster grants increased by \$4,671,983 from the prior year.
- The Housing Authority was still in the process of rebuilding and received no capital funds.
- Total other operating revenue increased by \$109,149, interest income increased by \$311 and general partner interest increased by \$138,643 from the prior fiscal year.

Compared with the prior fiscal year, total operating expenses increased \$490,481, or by 40%, 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 \$8,123 from that of the prior fiscal year due to changes in the following: Materials used increased by \$8,009 and contract labor costs increased by \$114.
- General Expenses decreased by \$18,263 from that of the prior fiscal year. Payments in lieu of taxes (PILOT) increased by \$0. 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 \$126 and other general expenses decreased by \$705. Lastly, compensated absences decreased by \$17,432.
- Administrative Expenses decreased by \$4,181 from that of the prior fiscal year due to a combination of factors. Administrative staff salaries decreased by \$3,291 and related employee benefit contributions decreased by \$270; therefore, total staff salaries and benefit costs decreased. Outside professional fees changed as follows: audit fees increased by \$1,605 and legal fees decreased by \$9,285. In addition, staff travel reimbursements decreased by \$2,650, office expenses increased by \$3,156 and sundry expenses increased by \$6,554.
- Housing Assistance Payments to landlords increased by \$502,797 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 increased by \$2,005 from that of the prior fiscal year because water cost increased by \$603, electricity cost increased by \$407, gas cost increased by \$2,851, and other utilities expense (such as labor, benefits, garbage, sewage, and waste removal) decreased by \$1,856.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2025, the Housing Authority had a total cost of \$8,242,532 invested in a broad range of assets and construction in progress from projects funded in 0 through 0, listed below. This amount, not including depreciation, represents increases of \$6,115,278 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Statement of Capital Assets
As of September 30, 2025

	<u>2025</u>	<u>2024</u>
Land	\$ 1,122,395	\$ 1,122,395
Construction in progress	7,120,137	1,004,859
Furniture and equipment	14,225	14,225
Accumulated Depreciation	<u>(14,225)</u>	<u>(14,225)</u>
Total	<u>\$ 8,242,532</u>	<u>\$ 2,127,254</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 2026 fiscal year have already been submitted to HUD for approval, and no major changes are expected.

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

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact 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, 2025

	General	Housing Choice Voucher	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,045,948	\$ 0	\$ 1,045,948
Investments	130,210	0	130,210
Accounts receivable net	0	29,573	29,573
Interest receivable	108	0	108
Interfund	0	76,127	76,127
Prepaid items and other assets	286	630	916
Restricted assets - cash and cash equivalents	343,566	242,276	585,842
	<u>1,520,118</u>	<u>348,606</u>	<u>1,868,724</u>
Capital Assets, net			
Land	1,122,395	0	1,122,395
Construction in progress	7,120,137	0	7,120,137
	<u>8,242,532</u>	<u>0</u>	<u>8,242,532</u>
Total Assets	<u>\$ 9,762,650</u>	<u>348,606</u>	<u>\$ 10,111,256</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 5,848	\$ 4,636	\$ 10,484
Compensated absences payable	1,223	3,865	5,088
Interfund	76,127	0	76,127
	<u>83,198</u>	<u>8,501</u>	<u>91,699</u>
Noncurrent Liabilities			
Compensated absences payable	23,334	43,971	67,305
	<u>23,334</u>	<u>43,971</u>	<u>67,305</u>
Total Liabilities	<u>106,532</u>	<u>52,472</u>	<u>159,004</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
NET POSITION			
Net investment in capital assets	8,242,532	0	8,242,532
Restricted - FEMA	343,566	0	343,566
Restricted for:			
HAP Equity	0	242,226	242,226
Unrestricted	1,070,020	53,908	1,123,928
	<u>9,656,118</u>	<u>296,134</u>	<u>9,952,252</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></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, 2025

	General	Housing Choice Voucher	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Governmental operating grants	\$ 5,524,971	\$ 1,483,277	\$ 7,008,248
Other	0	159,034	159,034
	<u> </u>	<u> </u>	<u> </u>
Total Operating Revenues	5,524,971	1,642,311	7,167,282
	<u> </u>	<u> </u>	<u> </u>
OPERATING EXPENSES			
Administration	66,140	160,089	226,229
Utilities	10,162	0	10,162
Ordinary maintenance & operations	10,237	239	10,476
General expenses	7,282	12,431	19,713
Housing assistance payments	0	1,298,440	1,298,440
Port-in housing assistance payments	0	150,640	150,640
	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	93,821	1,621,839	1,715,660
	<u> </u>	<u> </u>	<u> </u>
Income (Loss) from Operations	5,431,150	20,472	5,451,622
	<u> </u>	<u> </u>	<u> </u>
Non Operating Revenues (Expenses)			
Proceeds of sale of general partner interest	138,643	0	138,643
Interest earnings	6,010	93	6,103
	<u> </u>	<u> </u>	<u> </u>
Total Non-Operating Revenues	144,653	93	144,746
	<u> </u>	<u> </u>	<u> </u>
Income (Loss) before contribution	5,575,803	20,565	5,596,368
Capital Contribution	0	0	0
	<u> </u>	<u> </u>	<u> </u>
Change in net position	5,575,803	20,565	5,596,368
	<u> </u>	<u> </u>	<u> </u>
Total net position - beginning	4,080,315	275,569	4,355,884
	<u> </u>	<u> </u>	<u> </u>
Total net position - ending	\$ 9,656,118	296,134	\$ 9,952,252
	<u> </u>	<u> </u>	<u> </u>

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, 2025

	General	Housing Choice Voucher	Total
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Other receipts	\$ 39,706	\$ 88,952	\$ 128,658
Federal grants	5,524,971	1,483,277	7,008,248
Payments to vendors	(51,549)	(61,019)	(112,568)
Payments to employees – net	(43,537)	(104,019)	(147,556)
Payments to private landlords	0	(1,449,080)	(1,449,080)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	5,469,591	(41,889)	5,427,702
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Construction in progress	(6,115,278)	0	(6,115,278)
Proceeds of sale of general partner interest	138,643	0	138,643
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by capital and related financing activities	(5,976,635)	0	(5,976,635)
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	5,990	93	6,083
Maturities of investments	42,346	0	42,346
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by investing activities	48,336	93	48,429
	<u> </u>	<u> </u>	<u> </u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(458,708)	(41,796)	(500,504)
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS			
Beginning of Fiscal Year	1,848,222	284,072	2,132,294
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS			
End of Fiscal Year	\$ 1,389,514	242,276	1,631,790
	<u> </u>	<u> </u>	<u> </u>

Continued

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2025

	<u>General</u>	<u>Housing Choice Voucher</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 5,431,150	\$ 20,472	\$ 5,451,622
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Prepaid items	260	(24)	236
Accounts payable	(362)	(23,794)	(24,156)
Interfund	38,543	(38,543)	0
Net cash provided (used) by operations	<u>\$ 5,469,591</u>	<u>\$ (41,889)</u>	<u>\$ 5,427,702</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, 2025

INDEX

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	16
A. REPORTING ENTITY	16
B. FUNDS	17
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING	17
D. CASH AND CASH EQUIVALENTS.....	18
E. INVESTMENTS.....	18
F. REVENUE RECOGNITION	18
G. PREPAID ITEMS.....	18
H. CAPITAL ASSETS	19
I. COMPENSATED ABSENCES	19
J. POST EMPLOYMENT BENEFITS	19
K. NET POSITION AND FLOW ASSUMPTIONS.....	19
L. USE OF ESTIMATES.....	19
NOTE 2 – DEPOSITS AND INVESTMENTS.....	20
NOTE 3 – ACCOUNTS RECEIVABLE	21
NOTE 4 – CAPITAL ASSETS	21
NOTE 5 – ACCOUNTS PAYABLE.....	22
NOTE 6 – COMPENSATED ABSENCES.....	22
NOTE 7 – LONG – TERM OBLIGATIONS.....	22
NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES.....	23
NOTE 9 – RETIREMENT SYSTEM.....	23
NOTE 10 – COMMITMENTS AND CONTINGENCIES	23
NOTE 11 – SALE OF GENERAL PARTNER INTEREST.....	24
NOTE 12 – ECONOMIC DEPENDENCE	25
NOTE 13 – SUBSEQUENT EVENTS	25

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

SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the 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:

Section 8

Housing Choice Vouchers LA-120

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

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

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

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

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

SEPTEMBER 30, 2025

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

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity. As disclosed by Note 11, in 2025 the Authority relinquished its position as General Partner in Ashley Place I, II, and III.

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. The housing choice voucher fund accounts for the Section 8 Housing Choice Voucher program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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.

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

SEPTEMBER 30, 2025

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

On the Statement of Cash Flows, cash and cash equivalents, end of year, is \$1,631,790. This is comprised of cash and cash equivalents of \$1,045,948 and restricted assets – cash of \$585,842, on the statement of net position.

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

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

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

Definitions:

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

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

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

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

SEPTEMBER 30, 2025

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

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

I. COMPENSATED ABSENCES The Housing Authority follows adopted policy 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.

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

K. 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.

L. 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.

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

SEPTEMBER 30, 2025

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

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

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

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

\$22,972 is restricted in the Housing Choice Voucher fund for HAP Equity. \$219,304 of DHAP-Ike funds are also restricted in the HCV Fund. \$343,566 is restricted in the General Fund for unexpended FEMA funds.

At September 30, 2025, the Housing Authority's carrying amount of deposits was \$1,761,875 and the bank balance was \$1,769,272, which includes \$130,210 in certificates of deposits classified as investments. Petty cash consists of \$125. \$676,808 of the bank balance was covered by FDIC Insurance. The remaining bank balance of \$1,092,464 was covered by pledged securities. However, this \$1,092,464 was exposed to custodial credit risk, as defined by GASBS No. 40, para. 8, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

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

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

SEPTEMBER 30, 2025

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

<u>Class of Receivables</u>	<u>General</u>	<u>Housing Choice Voucher</u>	<u>Total</u>
Ports	\$ 0	\$ 29,573	\$ 29,573
Total	\$ 0	\$ 29,573	\$ 29,573

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets				
Land and buildings	\$ 1,122,395	\$ 0	\$ 0	\$ 1,122,395
Construction in progress	1,004,859	6,115,278	0	7,120,137
Depreciable assets:				
Buildings	0	0	0	0
Furniture and equipment	14,225	0	0	14,225
Total capital assets	2,141,479	6,115,278	0	8,256,757
Less: accumulated depreciation				
Buildings	0	0	0	0
Furniture and equipment	14,225	0	0	14,225
Total accumulated depreciation	14,225	0	0	14,225
Total capital assets, net	\$ 2,127,254	\$ 6,115,278	\$ 0	\$ 8,242,532

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

SEPTEMBER 30, 2025

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

	General	Housing Choice Voucher	Total
Vendors	\$ 712	\$ 4,636	\$ 5,348
Utilities	5,136	0	5,136
Total	\$ 5,848	\$ 4,636	\$ 10,484

NOTE 6 – COMPENSATED ABSENCES At September 30, 2025, employees of the Housing Authority have accumulated and vested \$72,393 of employee leave computed in accordance with GASB, Codification Section C60.

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

	Compensated Absences
Balance, beginning	62,820
Additions	11,045
Deletions	(1,472)
Balance, ending	72,393
Amounts due in one year	\$ 5,088

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

SEPTEMBER 30, 2025

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES At September 30, 2025, the Housing Choice Voucher Fund owes the General Fund \$76,127.

NOTE 9 – 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 \$11,250 for the year ended September 30, 2025, of which \$6,750 was paid by the Housing Authority and \$4,500 was paid by employees. No payments were made out of the forfeiture account.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Commitments On February 7, 2024, the Authority renewed an Employment Agreement with the Executive Director. The agreement was for six years, unless terminated earlier by either party. The contract was renewed a prior agreement.

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

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.

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

SEPTEMBER 30, 2025

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

Litigation The Housing Authority is not presently involved in litigation.

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

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

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

This includes coverage of general liability, 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 Insurance Risk Management Agency risk pool is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

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

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

NOTE 11 – SALE OF GENERAL PARTNER INTEREST On January 14, 2025, the Authority relinquished its position as general partner for Ashley Place I, II, and III. The three entities were sold that date in one closing. The authority received \$138,643.

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

SEPTEMBER 30, 2025

NOTE 12 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development and FEMA provided \$1,483,277 and \$5,524,971, respectively to the Housing Authority, which represents approximately 98% of the Housing Authority’s total revenue and capital contributions for the year.

NOTE 13 - 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 were deemed not usable. A determination was made that all of the standing but unused structures must be demolished and removed. Due to flood plain issues, the site could not 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 assist in paying for approximately 90% of the new construction.

On October 8, 2021, the Authority purchased 28.44 acres in the City where it planned to rebuild. The \$1,105,195 purchase price was principally funded by unexpended insurance proceeds.

In 2024, the authority entered into a contract to construct 40 units and an administration building for \$7,000,674. At September 30, 2025, \$6,115,278 of construction in progress had been expended. As of the date of this report, the building has been finished and the authority is the owner of the property. The necessary steps required by HUD have not been met for the building to admit tenants, as of the date of this report.



MIKE ESTES, CPA

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

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

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

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

Independent Auditor's Report

Housing Authority of 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, 2025, 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 June 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Denham Springs, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Audit Finding 2025-003 that we consider to be a material weakness.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Audit Findings 2025-001, 002, and 003.

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority of the City of Denham Springs, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Denham Springs, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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.
Fort Worth, Texas
June 29, 2026



MIKE ESTES, CPA

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

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

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

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

Independent Auditor's Report

Housing Authority of Denham Springs
Denham Springs, Louisiana

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Housing Authority of the City of Denham Springs, Louisiana's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of Anthony, Texas' major federal programs for the year ended September 30, 2025. The Housing Authority of Anthony, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the FEMA Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Housing Authority of the City of Denham Springs, Louisiana complied, in all material respects, with the types of 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, 2025.

Basis for Qualified Opinion

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority of the City of Denham Springs, Louisiana and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority of the City of Denham Springs, Louisiana's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the FEMA Program

As described in the accompanying schedule of findings and questioned costs, the Housing Authority of the City of Denham Springs, Louisiana did not comply with requirements regarding the FEMA program as described in Audit Finding 2025-001-Special Tests.

Compliance with such requirements is necessary, in our opinion, for the Housing Authority of the City of Denham Springs, Louisiana to comply with the requirements applicable to that major program.

Responsibilities of Management for Compliance

Management is responsible compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing Authority of the City of Denham Springs, Louisiana's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority of the City of Denham Springs, Louisiana's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority of the City of Denham Springs, Louisiana's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the City of Denham Springs, Louisiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority of the City of Denham Springs, Louisiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Housing Authority of the City of Denham Springs, Louisiana's internal control over compliance. Accordingly no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority of the City of Denham Springs, Louisiana's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Denham Springs, Louisiana's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-003. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Audit Findings 2025-001 and 003 to be material weaknesses.

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 charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority of the City of Denham Springs, Louisiana's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Denham Springs, Louisiana's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Housing Authority of Denham Springs, Louisiana's each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Denham Springs, Louisiana, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Denham Springs, Louisiana's basic financial statements. We issued our report thereon dated June 29, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Mike Estes, P.C.".

Mike Estes, P.C.
Fort Worth, Texas
June 29, 2026

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

YEAR ENDED SEPTEMBER 30, 2025

FEDERAL GRANTOR PROGRAM TITLE	ALN NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Housing Choice Voucher	14.871	\$ 1,483,277
Total United States Department of Housing and Urban Development		\$ 1,483,277
FEMA	97.036	5,524,971
Total Expenditures of Federal Awards		\$ 7,008,248

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, 2025

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

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

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

	Federal Sources
Enterprise Funds	
Governmental operating grants	\$ 1,483,277
FEMA capital grants	5,524,971
Total	\$ 7,008,248

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

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

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

YEAR ENDED SEPTEMBER 30, 2025

Section I – Summary of the Auditor’s Results

Financial Statement Audit

1. Type of Auditor’s Report Issued on Financial Statements- Unmodified – General Fund
Unmodified – Housing Choice Voucher Fund
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 – Modified.
3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200)? ☒ yes ☐ no
4. The programs tested as major programs include:
ALN# 97.036 FEMA
5. Dollar threshold used to distinguish between Type A and Type B Programs as described in the Uniform Guidance (2 CFR 200): \$ 1,000,000
6. Auditee qualified as low-risk auditee under Uniform Guidance (2 CFR 200)? ☐ yes ☒ no
7. Nonstatistical sampling was used. To determine sample sizes, the AICPA Audit Guide *Audit Sampling* was used.

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

YEAR ENDED SEPTEMBER 30, 2025

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

FEMA Program-ALN#97.036

2025-001-Insurance on Building-Special Tests

Criteria and Specific Requirement

HUD real estate properties must be covered by property, and often, flood insurance. During construction and until a Certificate of Completion is issued, Builder's Risk must be maintained. After release of lien and the title is transferred to the owner, permanent property insurance must be maintained.

Condition Found

The insurance company that handles the regular insurance for the authority has not yet decided for when the permanent property insurance will take effect. It appears that there are two possibilities.

Since the insurance company asserts that they never received proof that the Builder's Risk was in place, insurance representatives will review the property to ascertain whether the June 18th Tropical Storm Arthur caused damage to the property, or whether other causes have created damage. If damage is found, insurance coverage will be underwritten beginning June 26th, which is the date the Executive Director signed a Letter of No Loss. In that instance, the authority will have to cover the damage costs, if management cannot show that Builder's Risk was still in place as of the date of the storm damage.

If a review by the insurance representatives shows no damage to the property, an insurance representative asserts that the coverage will be back dated to be effective April 1, 2026, to coincide with the date of all other coverages for the authority that this insurance company has underwritten.

Cause

This is a complicated area. It is difficult to pinpoint blame. However, communication should have been better, so that continuous insurance coverage for a newly constructed property is not in doubt.

Effect

The effects include but are not limited to the following:

The property may not have been covered for a period of time for various types of damage that property and flood insurance normally cover. This has yet to be determined.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2025

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

Recommendation

We have urged the Executive Director to communicate with the insurance company and make sure the permanent insurance is in force as soon as possible.

View of Responsible Official

I am Fred Banks, Executive Director and Designated Person to answer these findings. We are already following the auditor's recommendation. We are working with the insurance company to clarify the situation.

Section 8 Housing Choice Voucher Program-ALN#-14.871

2025-002-Lack of Quality Control and SEMAP-Eligibility and Special Tests

Criteria and Specific Requirement

Review of eligibility, calculations of HAP payments, and various tenant related functions should be reviewed on at least a test basis. The review should be documented. This is required by two sources. HUD requires quality control procedures as outlined in the SEMAP steps. In addition, Statement on Auditing Standards (SAS) Number 115 requires that all significant functions should be reviewed on a test basis by a qualified person and the review documented in writing.

Condition Found

In recent years, the authority obtained the SEMAP review by the Executive Director of a neighboring authority. The only step required by SEMAP that was performed during the current audit year was that move-in and annual inspections were reviewed on a test basis.

Cause

Unknown

Effect

Controls were lacking on the administration of the program.

Recommendation

SEMAP type quality control should be performed every year. Even when HUD does not require the filing of SEMAP, SAS 115 is still (always) in effect.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2025

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

View of Responsible Official

We will comply with the auditor's recommendation.

Section 8 Housing Choice Voucher Program-ALN#-14.871 and FEMA Program-ALN#97.036

Finding 2025-003-Late Filing of Report-Reporting

Criteria and Condition

State law requires the annual audit report be filed no later than six months after fiscal year end with the Louisiana Legislative Auditor.

Context

The audit report was not timely filed by the due date with the Legislative Auditor.

Cause

The fee accountant did not timely deliver the accounting records to the auditor in time to allow the auditor to complete the audit. The Executive Director has been periodically hospitalized, and had difficulty in timely delivering accounting records to the fee accountant.

Effect

State law was not timely complied with.

Questioned Costs

None

Recommendation

The authority should timely deliver the accounting records to the auditor.

View of Responsible Official

We will comply with the auditor's recommendation.

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

YEAR ENDED SEPTEMBER 30, 2025

Section III – Findings and questioned costs for federal awards which are required to be reported under Uniform Guidance

Audit Findings 2025-001 and 2025-003 apply here.

DENHAM SPRINGS HOUSING AUTHORITY
600 Eugene Street
Denham Springs, LA 70726
Phone No. (225) 664-3301 Fax No. (225) 664-3309

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED SEPTEMBER 30, 2025

2025-001-Lack of Insurance on Building-Special Tests

Condition The insurance company that handles the regular insurance for the authority has not yet decided for when the permanent property insurance will take effect. It appears that there are two possibilities.

Since the insurance company asserts that they never received proof that the Builder's Risk was in place, insurance representatives will review the property to ascertain whether the June 18th Tropical Storm Arthur caused damage to the property, or whether other causes have created damage. If damage is found, insurance coverage will be underwritten beginning June 26th, which is the date the Executive Director signed a Letter of No Loss. In that instance, the authority will have to cover the damage costs, if management cannot show that Builder's Risk was still in place as of the date of the storm damage.

If a review by the insurance representatives shows no damage to the property, an insurance representative asserts that the coverage will be back dated to be effective April 1, 2026, to coincide with the date of all other coverages for the authority that this insurance company has underwritten.

Corrective Action Planned: I am Fred Banks, Executive Director and Designated Person to answer these findings. We are already following the auditor's recommendation. We are working with the insurance company to clarify the situation.

Person Responsible for Corrective Action:

Fred Banks, Executive Director

Housing Authority of Denham Springs

600 Eugene Street

Denham Springs, LA 70726

Telephone: (225) 664-3301

Fax: (225) 664-3309

Anticipated Completion Date- September 30, 2026

2025-002-Lack of Quality Control and SEMAP-Eligibility and Special Tests

Condition In recent years, the authority obtained the SEMAP review by the Executive Director of a neighboring authority. The only step required by SEMAP that was performed during the current audit year was that move-in and annual inspections were reviewed on a test basis.

Corrective Action Planned: We will comply with the auditor's recommendation.

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
CORRECTIVE ACTION PLAN

YEAR ENDED SEPTEMBER 30, 2025

Person Responsible for Corrective Action:

Fred Banks, Executive Director
Housing Authority of Denham Springs
600 Eugene Street
Denham Springs, LA 70726

Telephone: (225) 664-3301
Fax: (225) 664-3309

Anticipated Completion Date- September 30, 2026

Finding 2025-003-Late Filing of Report-Reporting

Condition State law requires the annual audit report be filed no later than six months after fiscal year end with the Louisiana Legislative Auditor.

Corrective Action Planned: We will comply with the auditor's recommendation.

Person Responsible for Corrective Action:

Fred Banks, Executive Director
Housing Authority of Denham Springs
600 Eugene Street
Denham Springs, LA 70726

Telephone: (225) 664-3301
Fax: (225) 664-3309

Anticipated Completion Date- September 30, 2026

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

YEAR ENDED SEPTEMBER 30, 2025

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:

Section Eight Housing Program-ALN#14.871

Finding 2024-001-Utility Allowances Need Updating- Special Tests

Condition

Federal regulations require that utility allowances be reviewed annually. If any category increases more than 10% since the last rate change, the allowances should be revised.

Recommendation

The allowances should be reviewed and adjusted if necessary.

Current Status

This finding is not repeated in the current audit.

Section Eight Housing Program-ALN#14.871

Finding 2024-002-Late Filing of Report-Reporting

Condition

State law requires the annual audit report be filed no later than six months after fiscal year end with the Louisiana Legislative Auditor.

Recommendation

The authority should timely deliver the accounting records to the auditor.

Current Status

This finding is repeated in the current audit.

SUPPLEMENTARY INFORMATION

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

YEAR ENDED SEPTEMBER 30, 2025

Agency Head Name: Fred Banks, Executive Director

Purpose	Amount
Salary	\$ 84,413
Benefits-insurance	456
Benefits-retirement	6,750
Benefits-<Payroll Taxes>	6,458
Car allowance	
Vehicle provided by government	<enter amount reported on W-2>
Per diem	
Reimbursements	724
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	
Total	\$ 98,801



MIKE ESTES, CPA

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

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

MEMBER OF THE
AMERICAN INSTITUTE OF

CERTIFIED PUBLIC
ACCOUNTANTS

and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

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, 2024 through September 30, 2025. The Denham Springs Housing Authority's management is responsible for those C/C areas identified in the SAUPs.

The Denham Springs Housing Authority has agreed to an acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2024 through September 30, 2025. Additionally, LLA has agreed and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results of Testing:

All of the above policies were adopted before the beginning of the audit year, except for Debt Service, which is not applicable and the Information Technology Disaster Recovery Policy.

Recommendation

The Information Technology Disaster Recovery Policy should be adopted. Management should contact the Consulting arm of their fee accountant to obtain this.

View of Responsible Official-Corrective Action Plan

I am Fred Banks, Executive Director and Designated Person to address these recommendations. We will comply with the auditor's recommendations.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results of Testing:

- (i)-the board met in accordance with its bylaws
- (ii)-the board minutes do not note that the board reviewed the budget-to-actual comparison of income and expenses. (iii)-the prior year ending unassigned fund balance was a positive amount
- (iv)-the minutes do not reflect that the board reviewed the audit findings.

Recommendation

The minutes should note that the board reviewed the budget-to-actual comparisons of income and expenses. Also, the board minutes should reflect that the board reviewed the audit findings and the corrective action plan.

View of Responsible Official-Corrective Action Plan

We will follow the auditor's recommendations.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period,

obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of Testing:

No exceptions were noted in the above tests.

4) Collections (excluding electronic funds transfers)

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

Results of Testing:

The authority presently does not have tenant receipts.

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

Results of Testing:

Not applicable.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results of Testing:

A fidelity/surety bond was in effect for the entire year that covered all office employees.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Results of Testing:

Not applicable.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

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

Results of Testing:

Payments were processed and disbursed only from the authority office.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

Results of Testing:

No exceptions were noted in the above tests.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results of Testing:

No exceptions were noted in the above tests.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Results of Testing:

No exceptions were noted in the above tests.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

Results of Testing:

Management represents that our list of credit and debit cards is complete.

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

Results of Testing:

No exceptions were noted in the above tests.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results of Testing:

No exceptions were noted in the above tests.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those

individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of Testing:

No exceptions were noted in the above tests.

8) Contracts

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

Results of Testing:

No exceptions were noted in the above tests.

9) Payroll and Personnel

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

Results of Testing:

No exceptions were noted in the above tests.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results of Testing:

No exceptions were noted in the above tests.

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

Results of Testing:

No employees were terminated in the audit year.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

Results of Testing:

Management represents that payroll payments and reports were timely filed. We did not note any past-due amounts or reports in our tests.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results of Testing:

No exceptions were noted in the above tests

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results of Testing:

An ethics designee has been appointed.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results of Testing:

Not applicable.

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

Results of Testing:

Not applicable.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results of Testing:

Management represents that they are not aware of any misappropriations of public funds or assets during the fiscal year.

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

Results of Testing:

The notice is posted.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management”**:

- A. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

Results of Testing:

We performed the procedure and discussed the results with management.

- B. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results of Testing:

We performed the procedure and discussed the results with management.

- C. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results of Testing:

No exceptions were noted in the above tests.

- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results of Testing:

No employees were terminated during the audit year.

- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

1. Hired before June 9, 2020 - completed the training; and
2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results of Testing:

The cyber security training was not obtained by anyone.

Recommendation

Personnel should obtain sexual harassment training.

View of Responsible Official

We will comply with the auditor's recommendation.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results of Testing:

One of the required employees did not obtain the training.

Recommendation

All employees should annually obtain the training. We note that the one employee that did not receive the training did so in May 2026.

View of Responsible Official

We will comply with the auditor's recommendation.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results of Testing:

The policy is posted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

- v. Amount of time it took to resolve each complaint.

Results of Testing:

Management represents that they did not receive any sexual harassment complaints during the audit year

We were engaged by the Denham Springs Housing Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Denham Springs Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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
June 29, 2026

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Balance Sheet Summary								
	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.IKE DHAP-IKE	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$870,817	\$175,131				\$1,045,948		\$1,045,948
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$343,566		\$22,972	\$219,304		\$585,842		\$585,842
114 Cash - Tenant Security Deposits								
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$1,214,383	\$175,131	\$22,972	\$219,304	\$0	\$1,631,790	\$0	\$1,631,790
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous	\$0		\$29,573			\$29,573		\$29,573
126 Accounts Receivable - Tenants	\$0	\$0	\$0			\$0		\$0
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0	\$0			\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable	\$108					\$108		\$108
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$108	\$0	\$29,573	\$0	\$0	\$29,681	\$0	\$29,681
131 Investments - Unrestricted	\$130,210					\$130,210		\$130,210
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$286		\$630			\$916		\$916
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From			\$76,127			\$76,127		\$76,127
145 Assets Held for Sale								
150 Total Current Assets	\$1,344,987	\$175,131	\$129,302	\$219,304	\$0	\$1,868,724	\$0	\$1,868,724

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Balance Sheet Summary								
	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.IKE DHAP-IKE	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
161 Land	\$1,122,395					\$1,122,395		\$1,122,395
162 Buildings								
163 Furniture, Equipment & Machinery - Dwellings								
164 Furniture, Equipment & Machinery - Administration	\$14,225					\$14,225		\$14,225
165 Leasehold Improvements								
166 Accumulated Depreciation	-\$14,225					-\$14,225		-\$14,225
167 Construction in Progress	\$7,120,137					\$7,120,137		\$7,120,137
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,242,532	\$0	\$0	\$0	\$0	\$8,242,532	\$0	\$8,242,532
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	\$8,242,532	\$0	\$0	\$0	\$0	\$8,242,532	\$0	\$8,242,532
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	\$9,587,519	\$175,131	\$129,302	\$219,304	\$0	\$10,111,256	\$0	\$10,111,256
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$712		\$4,586			\$5,298		\$5,298
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable								
322 Accrued Compensated Absences - Current Portion	\$1,223		\$3,865			\$5,088		\$5,088
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects								

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Balance Sheet Summary								
	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.IKE DHAP-IKE	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
333 Accounts Payable - Other Government								
341 Tenant Security Deposits								
342 Unearned Revenue								
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities								
346 Accrued Liabilities - Other	\$5,136			\$50		\$5,186		\$5,186
347 Inter Program - Due To	\$76,127					\$76,127		\$76,127
348 Loan Liability - Current								
310 Total Current Liabilities	\$83,198	\$0	\$8,451	\$50	\$0	\$91,699	\$0	\$91,699
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	\$23,334		\$43,971			\$67,305		\$67,305
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	\$23,334	\$0	\$43,971	\$0	\$0	\$67,305	\$0	\$67,305
300 Total Liabilities	\$106,532	\$0	\$52,422	\$50	\$0	\$159,004	\$0	\$159,004
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	\$8,242,532					\$8,242,532		\$8,242,532
511.4 Restricted Net Position	\$343,566		\$22,972	\$219,254		\$585,792		\$585,792
512.4 Unrestricted Net Position	\$894,889	\$175,131	\$53,908	\$0	\$0	\$1,123,928		\$1,123,928
513 Total Equity - Net Assets / Position	\$9,480,987	\$175,131	\$76,880	\$219,254	\$0	\$9,952,252	\$0	\$9,952,252
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$9,587,519	\$175,131	\$129,302	\$219,304	\$0	\$10,111,256	\$0	\$10,111,256

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue			
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0		\$0
70600 HUD PHA Operating Grants			
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	\$5,635		\$5,635
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue			
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$5,635		\$5,635
91100 Administrative Salaries	\$37,972		\$37,972
91200 Auditing Fees	\$4,762		\$4,762
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$86		\$86
91500 Employee Benefit contributions - Administrative	\$5,566		\$5,566
91600 Office Expenses	\$5,661		\$5,661
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other	\$12,093		\$12,093
91000 Total Operating - Administrative	\$66,140		\$66,140
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
93100 Water	\$1,909		\$1,909
93200 Electricity	\$5,402		\$5,402
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer	\$2,851		\$2,851

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$10,162		\$10,162
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,452		\$8,452
94300 Ordinary Maintenance and Operations Contracts	\$1,785		\$1,785
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$10,237		\$10,237
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0		\$0
96110 Property Insurance			
96120 Liability Insurance	\$1,281		\$1,281
96130 Workmen's Compensation	\$1,386		\$1,386
96140 All Other Insurance	\$394		\$394
96100 Total insurance Premiums	\$3,061		\$3,061
96200 Other General Expenses	\$1,163		\$1,163
96210 Compensated Absences	\$3,058		\$3,058
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$4,221		\$4,221
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0		\$0
96900 Total Operating Expenses	\$93,821		\$93,821
97000 Excess of Operating Revenue over Operating Expenses	-\$88,186		-\$88,186
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense			
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$93,821		\$93,821

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government	\$5,524,971		\$5,524,971
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)	\$5,524,971		\$5,524,971
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$5,436,785		\$5,436,785
11020 Required Annual Debt Principal Payments	\$0		\$0
11030 Beginning Equity	\$4,044,202		\$4,044,202
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	0		0
11210 Number of Unit Months Leased	0		0
11270 Excess Cash	\$910,119		\$910,119
11610 Land Purchases	\$0		\$0
11620 Building Purchases	\$6,115,278		\$6,115,278
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0
11650 Leasehold Improvements Purchases	\$0		\$0
11660 Infrastructure Purchases	\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Revenue and Expense Summary								
	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.IKE DHAP-IKE	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue								
70400 Tenant Revenue - Other								
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0		\$0
70600 HUD PHA Operating Grants			\$1,483,277			\$1,483,277		\$1,483,277
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					\$5,524,971	\$5,524,971		\$5,524,971
71100 Investment Income - Unrestricted	\$5,635	\$375	\$93			\$6,103		\$6,103
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			\$159,034			\$159,034		\$159,034
71600 Gain or Loss on Sale of Capital Assets		\$138,643				\$138,643		\$138,643
72000 Investment Income - Restricted								
70000 Total Revenue	\$5,635	\$139,018	\$1,642,404	\$0	\$5,524,971	\$7,312,028		\$7,312,028
91100 Administrative Salaries	\$37,972		\$91,549			\$129,521		\$129,521
91200 Auditing Fees	\$4,762		\$8,843			\$13,605		\$13,605
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing	\$86					\$86		\$86
91500 Employee Benefit contributions - Administrative	\$5,566		\$11,730			\$17,296		\$17,296
91600 Office Expenses	\$5,661		\$18,977			\$24,638		\$24,638

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Revenue and Expense Summary								
	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.IKE DHAP-IKE	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
91700 Legal Expense								
91800 Travel			\$441			\$441		\$441
91810 Allocated Overhead								
91900 Other	\$12,093		\$28,549			\$40,642		\$40,642
91000 Total Operating - Administrative	\$66,140	\$0	\$160,089	\$0	\$0	\$226,229		\$226,229
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
93100 Water	\$1,909					\$1,909		\$1,909
93200 Electricity	\$5,402					\$5,402		\$5,402
93300 Gas								
93400 Fuel								
93500 Labor								
93600 Sewer	\$2,851					\$2,851		\$2,851
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	\$10,162	\$0	\$0	\$0	\$0	\$10,162		\$10,162
94100 Ordinary Maintenance and Operations - Labor								
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,452					\$8,452		\$8,452
94300 Ordinary Maintenance and Operations Contracts	\$1,785		\$239			\$2,024		\$2,024
94500 Employee Benefit Contributions - Ordinary Maintenance								
94000 Total Maintenance	\$10,237	\$0	\$239	\$0	\$0	\$10,476		\$10,476
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Revenue and Expense Summary								
	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.IKE DHAP-IKE	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96110 Property Insurance								
96120 Liability Insurance	\$1,281		\$2,414			\$3,695		\$3,695
96130 Workmen's Compensation	\$1,386		\$2,573			\$3,959		\$3,959
96140 All Other Insurance	\$394		\$190			\$584		\$584
96100 Total insurance Premiums	\$3,061	\$0	\$5,177	\$0	\$0	\$8,238		\$8,238
96200 Other General Expenses	\$1,163					\$1,163		\$1,163
96210 Compensated Absences	\$3,058		\$7,254			\$10,312		\$10,312
96300 Payments in Lieu of Taxes								
96400 Bad debt - Tenant Rents								
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$4,221	\$0	\$7,254	\$0	\$0	\$11,475		\$11,475
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
96900 Total Operating Expenses	\$93,821	\$0	\$172,759	\$0	\$0	\$266,580		\$266,580
97000 Excess of Operating Revenue over Operating Expenses	-\$88,186	\$139,018	\$1,469,645	\$0	\$5,524,971	\$7,045,448		\$7,045,448
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments			\$1,298,440			\$1,298,440		\$1,298,440
97350 HAP Portability-In			\$150,640			\$150,640		\$150,640

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Revenue and Expense Summary								
	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.IKE DHAP-IKE	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
97400 Depreciation Expense								
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$93,821	\$0	\$1,621,839	\$0	\$0	\$1,715,660		\$1,715,660
10010 Operating Transfer In								
10020 Operating transfer Out								
10030 Operating Transfers from/to Primary Government	\$5,524,971				-\$5,524,971	\$0		\$0
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)	\$5,524,971	\$0	\$0	\$0	-\$5,524,971	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$5,436,785	\$139,018	\$20,565	\$0	\$0	\$5,596,368		\$5,596,368
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$4,044,202	\$36,113	\$56,315	\$219,254	\$0	\$4,355,884		\$4,355,884
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors								
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								

HOUSING AUTHORITY OF DENHAM SPRINGS, LOUISIANA
FINANCIAL DATA SCHEDULES

YEAR ENDED SEPTEMBER 30, 2025

Entity Wide Revenue and Expense Summary								
	Project Total	6.2 Component Unit - Blended	14.871 Housing Choice Vouchers	14.IKE DHAP-IKE	97.036 Disaster Grants - Presidentially Declared Disasters	Subtotal	ELIM	Total
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity			\$53,908			\$53,908		\$53,908
11180 Housing Assistance Payments Equity			\$22,972			\$22,972		\$22,972
11190 Unit Months Available	0	0	1906	0		1906		1906
11210 Number of Unit Months Leased	0	0	1731	0		1731		1731
11270 Excess Cash	\$910,119					\$910,119		\$910,119
11610 Land Purchases	\$0					\$0		\$0
11620 Building Purchases	\$6,115,278					\$6,115,278		\$6,115,278
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