

**HOUSING AUTHORITY OF DENHAM SPRINGS**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA**

**TWELVE MONTHS ENDED SEPTEMBER 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/13/2011

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

## TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1 – 2
Management Discussion & Analysis		3 – 9
Basic Financial Statements		
Statement of Net Assets	A	10
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B	11
Statement of Cash Flows	C	12 – 13
Notes to the Basic Financial Statements		14 – 28
Index		14
Notes to Financial Statements		15– 28
<u><i>Other Reports Required by Government Auditing Standards And by Office of Management and Budget (OMB) Circular A-133</i></u>		
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>		29 – 30
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		31 – 32
Schedule of Expenditures of Federal Awards		33
Notes to the Schedule of Expenditures of Federal Awards		34
Schedule of Findings and Questioned Costs		35 – 43
Summary Schedule of Prior Audit Findings		44
Schedule of Management Letter Items		45
<u><i>Supplementary Information</i></u>		
Statement of Actual Modernization Costs	D(1)	46
Statement of Modernization Costs – Uncompleted	D(2)	47
Financial Data Schedule		48 – 58

**MIKE ESTES, P.C.**  
A PROFESSIONAL ACCOUNTING CORPORATION  
4200 AIRPORT FREEWAY – SUITE 100  
FORT WORTH, TEXAS 76117

MIKE ESTES, CPA

---

(817) 831-3553  
(817) 831-3560  
e-mail: [office@mikeestespc.com](mailto:office@mikeestespc.com)  
website: [mikeestespc.com](http://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

We have audited the accompanying financial statements of the discretely presented component units and each major fund of the Housing Authority of Denham Springs, Louisiana as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of Denham Springs, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 4 to the financial statements, the Authority has \$433,991 due in receivables from joint ventures and an investment in the joint ventures of \$770,162. An allowance for doubtful accounts is not provided since the uncollectible portion, if any, is not reasonably determinable. A reasonable allowance should be provided in the financial statements to conform with accounting principles generally accepted in the United States of America. The effects of that departure on the financial statements are not reasonably determinable.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component units and each major fund of the Housing Authority of Denham Springs, Louisiana, as of September 30, 2010, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2011, on our consideration of the Housing Authority of Denham Springs, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Denham Springs, Louisiana's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Housing Authority of Denham Springs, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedules required by HUD and other accompanying information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Estes, P.C.  
Fort Worth, Texas  
June 20, 2011

**HOUSING AUTHORITY OF DENHAM SPRINGS, LA**

**REQUIRED SUPPLEMENTAL INFORMATION**

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

**SEPTEMBER 30, 2010**

The management of Public Housing Authority of Denham Springs, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2010. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

#### FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$2,662,928 at the close of the fiscal year ended 2010.
  - ✓ Of this amount \$506,466 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
  - ✓ Also of this amount, \$258,296 of net assets are restricted for the Housing Choice Voucher program.
  - ✓ The remainder of \$1,515,746 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 114% of the total operating expenses of \$1,321,952 for the fiscal year 2010, which means the Authority might be able to operate about 13 months using the unrestricted assets alone, but this compares favorably with 11 months in the prior fiscal year.
- The Housing Authority's total net assets increased by \$433,872, a 19% change from the prior fiscal year 2009. This increase is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- The increase in net assets of these funds was accompanied by a decrease in cash and cash equivalents of \$11,372.
- The Authority spent \$235,020 on capital asset additions during the current fiscal year.
- These changes led to an increase in total assets by \$293,166 and a decrease in total liabilities by \$140,706. As related measure of financial health, there are still over \$2.61 of current assets covering each dollar of total current and long-term liabilities, but this compares less favorably with \$1.93 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 2010?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets 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 assets and changes in them. One can think of the Housing Authority's net assets – 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 assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

### USING THIS ANNUAL REPORT

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

- Low Rent Public Housing
- Capital Fund Program
- Denham Springs Community Corporation – A blended component unit.

The above programs comprise the General Fund.

- Housing Choice Voucher Program
- Disaster Housing Assistance Payments (IKE)
- Disaster Housing Assistance Payments (Katrina)

The above programs comprise the Housing Choice Voucher Fund

Ashley Place I, II, and III, developed, operational low income apartment complexes. They are shown combined, by a discrete presentation, in the far right column of the financial statements.

This Management, Discussion, and Analysis concentrates on the activities of the primary government.

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.

Housing Authority of Denham Springs, LA  
 Management's Discussion and Analysis (MD&A)  
 September 30, 2009

**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 assets, is an important financial indicator.

**FINANCIAL ANALYSIS**

The Housing Authority's net assets were \$2,662,928 as of September 30, 2010. Of this amount, \$506,466 was invested in capital assets, and \$1,515,746 was unrestricted. Also, there were \$258,296 of general net assets restricted for the Housing Choice Voucher Program. Also, \$382,420 was restricted for amounts required by the operating and replacement reserves of the Denham Springs Community Corporation, required as the general partner. This is part of the General Fund.

**CONDENSED FINANCIAL STATEMENTS**

**Condensed Statement of Net Assets**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current assets	1,570,858	1,469,618
Capital assets, net of depreciation	506,466	350,213
Noncurrent other assets	<u>1,204,153</u>	<u>1,168,480</u>
Total assets	<u>3,281,477</u>	<u>2,988,311</u>
<b>LIABILITIES</b>		
Current liabilities	601,517	742,629
Non-current liabilities	<u>17,032</u>	<u>16,626</u>
Total liabilities	<u>618,549</u>	<u>759,255</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of depreciation	506,466	350,213
Net assets restricted	640,716	416,826
Unrestricted net assets	<u>1,515,746</u>	<u>1,462,017</u>
Total net assets	<u>2,662,928</u>	<u>2,229,056</u>
Total liabilities and net assets	<u>3,281,477</u>	<u>2,988,311</u>

Housing Authority of Denham Springs, LA  
 Management's Discussion and Analysis (MD&A)  
 September 30, 2009

**CONDENSED FINANCIAL STATEMENTS (Continued)**

The net assets of these funds increased by \$433,872, or by 19%, from those of fiscal year 2009, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 Fiscal Year Ended September 30, 2010**

	2010	2009
<b>OPERATING REVENUES</b>		
Dwelling rental	\$ 83,813	\$ 84,618
Governmental operating grants	1,301,904	1,526,761
Other	221,156	124,166
	1,606,873	1,735,545
<b>OPERATING EXPENSES</b>		
Administration	204,239	180,061
Tenant services	15,687	48,409
Utilities	18,579	19,952
Ordinary maintenance & operations	66,828	63,430
General expenses	63,503	127,341
Depreciation	78,768	78,014
Extraordinary maintenance	900	0
Housing assistance payments	873,448	1,077,496
	1,321,952	1,594,703
Income (loss) from Operations	284,921	140,842
<b>Non Operating Revenues (Expenses)</b>		
Interest earnings	3,417	9,903
	3,417	9,903
Income (loss) before contribution	288,338	150,745
Capital Contribution	145,534	38,744
Change in net assets	433,872	189,489
Total net assets - beginning	2,229,056	2,039,567
Total net assets ending	\$ 2,662,928	2,229,056

## EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating revenues decreased \$128,672, or by 8%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Federal revenues from HUD for operations decreased by \$224,867, or by 14% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly, lowering the overall total.
- Total other operating revenue increased by \$96,990, or by 78% from that of the prior fiscal year.
- Federal Capital Funds from HUD increased by \$106,790 from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2007 through 2009, and submitted a new grant during fiscal year 2011.
- Interest income decreased by \$6,486, or by 65% from that of the prior fiscal year, because the Authority spent available cash mostly on capital assets instead of temporary investments.

Compared with the prior fiscal year, total operating expenses decreased \$272,751, or by 17%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Housing Assistance Payments to landlords decreased by \$204,048, or by 19% from that of the prior fiscal year, because there was a decrease in the number of tenants qualifying for subsidy during the year.
- General Expenses decreased by \$63,838, or by 100% from that of the prior fiscal year.
- Administrative Expenses increased by \$24,178, or by 13% from that of the prior fiscal year, due to a combination of factors: Administrative staff salaries increased by \$11,698, or by 11%, and related employee benefit contributions increased by \$1,312, or by 10%; therefore, total staff salaries and benefit costs increased by 11%. In addition, audit fees increased by \$8,300, or by 69%, accounting fees increased by \$1,189, or by 6%.
- Tenant Services decreased by \$32,722 from that of the prior fiscal year.
- Depreciation expense increased by \$754, or by 1% from that of the prior fiscal year.
- Maintenance and repairs increased by \$3,443 from that of the prior fiscal year.
- Utilities Expense decreased by \$1,373, or by 7% from that of the prior fiscal year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2010, the Housing Authority had a total cost of \$3,301,592 invested in a broad range of assets and construction in progress from projects funded in 2009 through 2010, listed below. This amount, not including depreciation, represents increases of \$235,020 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Housing Authority of Denham Springs, LA  
Management's Discussion and Analysis (MD&A)  
September 30, 2010

---

---

**Capital Assets, Net of Accumulated Depreciation  
As of September 30, 2010**

	<u>2010</u>	<u>2009</u>
Land	\$ 17,200	\$ 17,200
Buildings	431,701	274,582
Leasehold improvements	13,560	14,873
Furniture and equipment	<u>44,005</u>	<u>43,558</u>
Total	<u>506,466</u>	<u>350,213</u>

As of the end of the 2010 fiscal year, the Authority is still in the process of completing HUD grants of \$205,003 obtained during 2007 through 2009 fiscal years. A total remainder of \$120,790 will be received and \$114,263 will be spent for completing these projects during fiscal year 2011.

**Debt**

Non-current liabilities also include accrued annual vacation and sick 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 2011 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 Public Housing Authority of Denham Springs, Louisiana; P.O. Box 910; Denham Springs, LA.

HOUSING AUTHORITY OF DENHAM SPRINGS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010

	General	Housing Choice Vouchers	Total Primary Government	Component Units	Total
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 6,094	\$ 634,651	\$ 640,745	\$ 42,207	\$ 682,952
Investments - Unrestricted	389,447	0	389,447	0	389,447
Accounts receivable net	60,201	102,778	162,979	3,679	166,658
Interest receivable	1,278	0	1,278	0	1,278
Prepaid items and other assets	29,484	0	29,484	18,196	47,680
Restricted assets - cash and equivalents	4,500	342,425	346,925	407,661	754,586
<b>Total Current Assets</b>	<b>491,004</b>	<b>1,079,854</b>	<b>1,570,858</b>	<b>471,743</b>	<b>2,042,601</b>
<b>Capital Assets, net</b>					
Land and other non-depreciated assets	17,200	0	17,200	645,624	662,824
Other capital assets - net of depreciation	471,210	18,056	489,266	11,004,784	11,494,050
<b>Total Capital Assets, net</b>	<b>488,410</b>	<b>18,056</b>	<b>506,466</b>	<b>11,650,408</b>	<b>12,156,874</b>
<b>Noncurrent</b>					
Noncurrent receivables	433,991	0	433,991	0	433,991
Investment in joint ventures	770,162	0	770,162	0	770,162
Other assets	0	0	0	365,965	365,965
<b>Total Noncurrent Assets</b>	<b>1,204,153</b>	<b>0</b>	<b>1,204,153</b>	<b>365,965</b>	<b>1,570,118</b>
<b>Total Assets</b>	<b>\$ 2,183,567</b>	<b>\$ 1,097,910</b>	<b>\$ 3,281,477</b>	<b>\$ 12,488,116</b>	<b>\$ 15,769,593</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 14,565	\$ 84,129	\$ 98,694	\$ 38,922	\$ 137,616
Deferred revenue	33,948	235,363	269,311	4,704	274,015
Compensated absences payable	2,437	1,044	3,481	0	3,481
Accrued interest payable	0	0	0	11,223	11,223
Current portion of notes payable	0	0	0	44,945	44,945
Accrued liabilities other	224,506	1,025	225,531	203,240	428,771
Deposits due others	4,500	0	4,500	30,525	35,025
<b>Total Current Liabilities</b>	<b>279,956</b>	<b>321,561</b>	<b>601,517</b>	<b>333,559</b>	<b>935,076</b>
<b>Noncurrent Liabilities</b>					
Compensated absences payable	6,606	2,831	9,437	0	9,437
Noncurrent portion of notes payable	0	0	0	3,308,663	3,308,663
Noncurrent liabilities	0	7,595	7,595	1,085,699	1,093,294
<b>Total Noncurrent Liabilities</b>	<b>6,606</b>	<b>10,426</b>	<b>17,032</b>	<b>4,394,362</b>	<b>4,411,394</b>
<b>Total Liabilities</b>	<b>286,562</b>	<b>331,987</b>	<b>618,549</b>	<b>4,727,921</b>	<b>5,346,470</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	488,410	18,056	506,466	8,296,800	8,803,266
Restricted	382,420	258,296	640,716	0	640,716
Unrestricted	1,026,175	489,571	1,515,746	(536,605)	979,141
<b>Net Assets</b>	<b>1,897,005</b>	<b>765,923</b>	<b>2,662,928</b>	<b>7,760,195</b>	<b>10,423,123</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,183,567</b>	<b>\$ 1,097,910</b>	<b>\$ 3,281,477</b>	<b>\$ 12,488,116</b>	<b>\$ 15,769,593</b>

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

## EXHIBIT B

HOUSING AUTHORITY OF DENHAM SPRINGS  
STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2010

	General	Housing Choice Voucher	Total Primary Government	Component Unit	Total
<b>OPERATING REVENUES</b>					
Dwelling rental	\$ 83,813	\$ 0	83,813	679,481	\$ 763,294
Governmental operating grants	140,642	1,161,262	1,301,904	0	1,301,904
Other	123,845	97,311	221,156	207	221,363
<b>Total Operating Revenues</b>	<b>348,300</b>	<b>1,258,573</b>	<b>1,606,873</b>	<b>679,688</b>	<b>2,286,561</b>
<b>OPERATING EXPENSES</b>					
Administration	93,304	110,935	204,239	129,802	334,041
Tenant services	0	15,687	15,687	0	15,687
Utilities	18,579	0	18,579	73,664	92,243
Ordinary maintenance & operations	66,828	0	66,828	117,676	184,504
General expenses	57,895	5,608	63,503	206,307	269,810
Depreciation	71,361	7,407	78,768	463,745	542,513
Extraordinary maintenance	900	0	900	0	900
Housing assistance payments	0	782,616	782,616	0	782,616
Port-in housing assistance payments	0	90,832	90,832	0	90,832
<b>Total Operating Expenses</b>	<b>308,867</b>	<b>1,013,085</b>	<b>1,321,952</b>	<b>991,194</b>	<b>2,313,146</b>
Income (loss) from Operations	39,433	245,488	284,921	(311,506)	(26,585)
<b>Non Operating Revenues (Expenses)</b>					
Interest earnings	3,394	23	3,417	0	3,417
Interest expense	0	0	0	(257,387)	(257,387)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>3,394</b>	<b>23</b>	<b>3,417</b>	<b>(257,387)</b>	<b>(253,970)</b>
Income (loss) before contribution	42,827	245,511	288,338	(568,893)	(280,555)
Capital Contribution	145,534	0	145,534	3,327,165	3,472,699
Change in net assets	188,361	245,511	433,872	2,758,272	3,192,144
Total net assets - beginning	1,708,644	520,412	2,229,056	5,001,923	7,230,979
Total net assets ending	\$ 1,897,005	765,923	2,662,928	7,760,195	10,423,123

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

## EXHIBIT C

HOUSING AUTHORITY OF DENHAM SPRINGS  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2010

	General	Housing Choice Voucher	Total Primary Government	Component Unit	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Rental receipts	\$ 114,250	\$ 0	\$ 114,250	\$ 662,165	\$ 776,415
Other receipts/Disbursements	126,914	122,960	249,874	(1,948)	247,926
Federal Grants	91,849	1,061,558	1,153,407	0	1,153,407
Payments to vendors	(222,053)	(136,325)	(358,378)	(485,171)	(843,549)
Payments to employees - net	(95,309)	(76,782)	(172,091)	(60,874)	(232,965)
Payments to private landlords	0	(873,448)	(873,448)	0	(873,448)
Net cash provided (used) by operating activities	15,651	97,963	113,614	114,172	227,786
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Joint venture cost	(35,673)	0	(35,673)	0	(35,673)
Net cash provided (used) by non-capital financing activities	(35,673)	0	(35,673)	0	(35,673)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Interest paid on revenue bonds	0	0	0	(252,654)	(252,654)
Purchase assets	(217,267)	(17,753)	(235,020)	(645,385)	(880,405)
Capital/mortgage loan proceeds	0	0	0	(2,426,485)	(2,426,485)
Contribution from partners	0	0	0	3,327,165	3,327,165
Federal capital grants	145,534	0	145,534	0	145,534
Net cash provided (used) by capital and related financing activities	(71,733)	(17,753)	(89,486)	2,641	(86,845)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	3,410	23	3,433	0	3,433
Purchase of investments	(3,260)	0	(3,260)	0	(3,260)
Net cash provided (used) by investing activities	150	23	173	0	173
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(91,605)	80,233	(11,372)	116,813	105,441
<b>CASH AND CASH EQUIVALENTS Beginning of Fiscal Year</b>	102,199	896,843	999,042	333,055	1,332,097
<b>CASH AND CASH EQUIVALENTS End of Fiscal Year</b>	\$ 10,594	\$ 977,076	\$ 987,670	\$ 449,868	\$ 1,437,538

Continued

## EXHIBIT C

HOUSING AUTHORITY OF DENHAM SPRINGS  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2010

	General	Housing Choice Voucher	Total Primary Government	Component Unit	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 39,433	\$ 245,488	\$ 284,921	\$ (311,506)	\$ (26,585)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation Expense	71,361	7,407	78,768	463,745	542,513
Allowance for doubtful accounts	368	(20,374)	(20,006)	0	(20,006)
Change in assets and liabilities:			0		0
AP/Vendors	6,898	(46,254)	(39,356)	(20,000)	(59,356)
Accrued Comp/Payroll/Taxes	(1,041)	471	(570)	0	(570)
Accrued PHA, HUD, or Other Gov't	(48,793)	(74,044)	(122,837)	0	(122,837)
Other accruals	(80,909)	(15,727)	(96,636)	205	(96,431)
Prepaid items	(5,172)	996	(4,176)	(18,196)	(22,372)
Security deposits	(350)	0	(350)	(2,360)	(2,710)
Tenants Receivable/Deferred Revenue	33,856	0	33,856	2,284	36,140
Net cash provided (used) by operations	<u>\$ 15,651</u>	<u>\$ 97,963</u>	<u>\$ 113,614</u>	<u>\$ 114,172</u>	<u>\$ 227,786</u>

Concluded

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

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2010

INDEX

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	15
A. REPORTING ENTITY .....	15
B. FUNDS .....	17
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING .....	17
D. CASH AND CASH EQUIVALENTS.....	17
E. INVESTMENTS.....	18
F. REVENUE RECOGNITION .....	18
G. PREPAID ITEMS.....	18
H. CAPITAL ASSETS .....	18
I. DEFERRED REVENUES.....	19
J. COMPENSATED ABSENCES .....	19
K. RESTRICTED NET ASSETS.....	19
L. POST EMPLOYMENT BENEFITS .....	19
M. USE OF ESTIMATES.....	19
NOTE 2 – DEPOSITS AND INVESTMENTS.....	19
NOTE 3 – ACCOUNTS RECEIVABLE .....	20
NOTE 4 – NONCURRENT ASSETS.....	21
NOTE 5 – CAPITAL ASSETS .....	21
NOTE 6 – ACCOUNTS PAYABLE.....	22
NOTE 7 – COMPENSATED ABSENCES.....	22
NOTE 8 – LONG – TERM OBLIGATIONS.....	23
NOTE 9– NOTES PAYABLE .....	24
NOTE 10– RETIREMENT SYSTEM.....	26
NOTE 11 – COMMITMENTS AND CONTINGENCIES .....	27
NOTE 12 – ECONOMIC DEPENDENCE .....	28
NOTE 13 – CAPITAL CONTRIBUTION.....	28
NOTE 14 – NET ASSETS - RESTRICTED .....	28

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

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

The Housing Authority has the following units:

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

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  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

- 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 the following component units should be considered as part of the Housing Authority reporting entity:

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

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

The financial position, changes in net assets and cash flows of the Denham Springs Community Corporation and the Denham Springs Community GP, LLC are presented for the year ended September 30, 2010.

Ashley Place I, II, and III have been audited for the year ended September 30, 2010, all by one other accounting firm. Those are the numbers presented by discrete presentation. GASBS 14 encourages the presentation of component units' year end statements to be the closest year end to the primary entity's year end as practicable.

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

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

**B. FUNDS** The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the public housing Low Rent program and the Capital Fund program, and the blended component units. The housing choice voucher fund accounts for the Section 8 Housing Choice Voucher program, the Disaster Voucher Program, and the Disaster Housing Assistance 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 balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

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. The principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

On the Statement of Cash Flows, cash and cash equivalents, end of the year, is \$1,437,538. This is comprised of cash and cash equivalents of \$682,952 and restricted assets - cash of \$754,586, on the statement of net assets sheet.

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

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

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

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

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

Definitions:

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

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

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

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

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

Site improvements	15 years
Buildings	33-40 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

**I. DEFERRED REVENUES** The Housing Authority reports deferred revenues on its balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net assets sheet and the revenue is recognized.

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

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

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

**M. USE OF ESTIMATES** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – DEPOSITS AND INVESTMENTS** The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at September 30, 2010. 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.

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

Restricted Cash: \$4,500 is restricted in the General Fund for security deposits. \$258,296 is restricted in the Housing Choice Voucher fund for HAP Equity and \$84,129 is in DHAP-IKE for Security and Utility deposits due to HUD.

At September 30, 2010, the Housing Authority's carrying amount of deposits was \$1,376,992 and the bank balance was \$1,434,573 which includes \$389,447 in certificates of deposits classified as investments. Petty cash consists of \$125. Of the bank balance, \$934,573 was exposed to custodial credit risk 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.

Restricted Cash - Component Unit

		Ashley Place I, II and III 12-31-10
Tax and insurance escrow	\$	33,375
Tenant's security deposits		15,167
Operating reserve		331,145
Replacement reserve		27,974
Balance, ending	\$	407,661

**NOTE 3 - ACCOUNTS RECEIVABLE** The receivables at September 30, 2010, are as follows:

	General	Housing Choice Voucher	Total
<u>Class of Receivables</u>			
Local sources:			
Tenants	\$ 18	\$ 0	\$ 18
Insurance Proceeds	10,705	0	10,705
Ashley Place	685	28,754	29,439
Due from other PHA	0	10,803	10,803
Federal sources:			
Grants	48,793	63,221	112,014
Total	\$ 60,201	\$ 102,778	\$ 162,979

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

**NOTE 4 – NONCURRENT ASSETS** These amounts originate from Ashley Place I, II and III. Those entities are described in Note 1, A, Reporting Entity. The noncurrent assets as of September 30, 2010 are as follows:

	Ashley Place I	Ashley Place II	Ashley Place III	Total
Developer fee	\$ 214,310	\$ 483,024	\$ 413,482	\$ 1,110,816
Partners fee	45,337	24,000	24,000	93,337
	<u>259,647</u>	<u>507,024</u>	<u>437,482</u>	<u>1,204,153</u>
Investment in joint ventures	0	407,713	362,449	770,162
Total Non-current receivables	<u>259,647</u>	<u>99,311</u>	<u>75,033</u>	<u>433,991</u>

Investment in joint ventures consist of deferred developer fees, which will be paid only after positive cash flow from operations results from Ashley Place II and III.

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Non-depreciable assets</b>				
Land	\$ 17,200	\$ 0	\$ 0	\$ 17,200
Buildings	2,854,967	198,085		3,053,052
Furniture and Equipment	194,405	36,935		231,340
Total	<u>3,066,572</u>	<u>235,020</u>	<u>0</u>	<u>3,301,592</u>
<b>Less: accumulated depreciation</b>				
Buildings	2,554,106	53,684	0	2,607,790
Furniture and equipment	162,253	25,083	0	187,336
Total	<u>2,716,359</u>	<u>78,767</u>	<u>0</u>	<u>2,795,126</u>
Fixed Asset, Net	<u>\$ 350,213</u>	<u>\$ 156,253</u>	<u>\$ 0</u>	<u>\$ 506,466</u>

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

Discretely Presented Component Units

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land	\$ 645,624	\$ 0	\$ 0	\$ 645,624
Buildings	11,212,991	0		11,212,991
Furniture and Equipment	1,051,351	3,118		1,054,469
Total	12,909,966	3,118	0	12,913,084
Less: accumulated depreciation	798,931	463,745		1,262,676
Total	798,931	463,745	0	1,262,676
Capital assets, net	\$ 12,111,035	\$ (460,627)	\$ 0	\$ 11,650,408

**NOTE 6 – ACCOUNTS PAYABLE** The payables at \$369,368 are as follows:

	General	Housing Choice Voucher Fund	Total
Payroll taxes & Retirement withheld	\$ 3,271	\$ 0	\$ 3,271
Vendors	11,294	0	11,294
Federal sources: Grants	0	84,129	84,129
Total	\$ 14,565	\$ 84,129	\$ 98,694

**NOTE 7 – COMPENSATED ABSENCES** At September 30, 2010, employees of the Housing Authority have accumulated and vested \$12,918 of employee leave computed in accordance with GASB, Codification Section C60.

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

**NOTE 8 – LONG – TERM OBLIGATIONS** The following is a summary of the long – term obligation transactions for the year ended September 30, 2010, and for notes payable, September 30, 2010, the year end for the component units.

	Compensated Absences	Total Primary Government	
Balance, beginning	\$ 12,317	\$ 12,317	
Additions	3,246	3,245	
Deductions	2,645	2,645	
Balance, ending	12,918	12,918	
Amount due in one year	3,481	3,481	

Discretely Presented Component Units

	Notes Payable	Developer and Other Fees	Deferred Development Fee	Total
Balance, beginning	\$ 6,338,434	\$ 994,636	\$ 226,025	\$ 7,559,095
Additions	0	0	544,137	544,137
Deductions	(2,984,826)	(475,859)	0	(3,460,685)
Balance, ending	3,353,608	518,777	770,162	4,642,547
Amount due in one year	44,945	203,240	0	248,185

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

**NOTE 9 – NOTES PAYABLE** Notes payable on discretely presented component units at December 31, 2010 are as follows:

Ashley Place I

Construction Loan

Construction financing for the development of the project was acquired through First Guaranty Bank of Ponchatoula, Louisiana in the principal sum of up to \$2,330,000. On January 29, 2008, the construction loan was converted to a permanent loan.

Permanent Loan

Permanent financing has been obtained through First Guaranty Bank of Ponchatoula, Louisiana in the amount of \$1,362,787. Interest is computed using the Wall Street Journal Prime plus 1.50% adjusted every five years, starting at 7.50% per annum, with a floor of 7.50 per annum, and a ceiling of 9.00% per annum. The maximum interest rate change every five years is 1.00%. The payment amount is set at principal and interest payments of \$10,110 monthly and remain the same for the life of the loan. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 17 years with an amortization of 30 years and matures on January 29, 2025, at which time all unpaid principal and interest amounts are due and payable. As of December 31, 2010, the balance due on the loan was \$1,324,822. The current portion due at December 31, 2010 was \$24,442.

Ashley Place II

Pre-Development Loan

The Partnership entered into a pre-development loan agreement with Local Initiatives Support Corporation on December 21, 2007. The maximum loan amount that can be drawn is \$1,485,669. Interest on the loan is based on a default rate of 5% per annum in excess of the rate of interest otherwise payable under the note. At December 31, 2008, the interest rate was 7%. The Partnership is to make monthly payments of interest only and the loan matures on May 1, 2009. The loan is primarily collateralized by a mortgage on real property and a security agreement on the first installment of non-developer fee equity. As of December 31, 2008, the balance on the pre-development loan was \$1,416,622. During 2009, the Partnership paid the loan balance in full.

Construction Loan

The Partnership entered into a construction loan agreement with Bank of America on December 27, 2007. The maximum loan amount that can be drawn is \$2,687,642. Interest on the loan is based on a 30 day LIBOR rate, floating. At December 31, 2008, the interest rate was 2.86%. The Partnership is to make monthly payments of interest only and the loan matures on December 27, 2009. The loan is primarily collateralized by a mortgage on real property and a security agreement. As of December 31, 2008, the balance on the construction loan was \$1,650,848. During 2009, the Partnership borrowed additional funds in the amount of \$762,112. The loan balance at December 31, 2010 was \$2,412,960 and was converted to a permanent loan on June 27, 2010.

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

Permanent Loan

Permanent financing has been obtained through Bank of America of Charlotte, North Carolina in the amount of \$1,224,785. Interest is compounded at an annual rate of 7.01%. The payment amount is set at principal and interest payments of \$8,156.75 monthly and remain the same until the entire unpaid principal is paid in full. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 18 years with an amortization of 30 years and matures on June 24, 2028, at which time the unpaid principal will continue to bear interest at the default rate until the remaining principal is paid in full. As of December 31, 2010, the balance due on the loan was \$1,221,762.

Ashley Place III

Pre-Development Loan

The Partnership entered into a pre-development loan agreement with Local Initiatives Support Corporation on December 21, 2007. The maximum loan amount that can be drawn is \$1,503,454. Interest on the loan is based on a default rate of 5% per annum in excess of the rate of interest otherwise payable under the note. At December 31, 2008, the interest rate was 7%. The Partnership is to make monthly payments of interest only and the loan matures on May 1, 2009. The loan is primarily collateralized by a mortgage on real property and a security agreement on the first installment of non-developer fee equity. As of December 31, 2009, the pre-development loan was paid in full.

Construction Loan

The Partnership entered into a construction loan agreement with Bank of America on December 27, 2007. The maximum loan amount that can be drawn is \$2,891,616. Interest on the loan is based on a 30 day LIBOR, floating. At December 31, 2009, the interest rate was 2.63%. The Partnership is to make monthly payments of interest only and the loan matures on December 27, 2009. The loan is primarily collateralized by a mortgage on real property and a security agreement. On September 24, 2010, the construction loan was converted to a permanent loan.

Permanent Loan

Permanent financing has been obtained through Bank of America of Charlotte, North Carolina in the amount of \$767,000. Interest is compounded at an annual rate of 7.01%. The payment amount is set at principal and interest payments of \$5,108.02 monthly and remain the same until the entire unpaid principal is paid in full. The permanent loan is collateralized primarily by the Partnership's real estate and improvements thereon. The permanent loan shall have a term of 18 years with an amortization of 30 years and matures on September 24, 2028, at which time the unpaid principal will continue to bear interest at the default rate until the remaining principal is paid in full. As of December 31, 2010, the balance due on the loan was \$765,741.

HOUSING AUTHORITY OF DENHAM SPRINGS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2010

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

Year Ending December 31,	Amount
2010	\$ 44,945
2011	\$ 48,328
2012	\$ 51,965
2013	\$ 55,876
2014	\$ 60,081
Thereafter	\$ 3,028,401

**NOTE 10 – RETIREMENT SYSTEM** The Housing Authority participates in the Housing Renewal and Local 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 used to offset future contributions of the Housing Authority.

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the 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 \$11,522 for the year ended September 30, 2010, of which \$6,761 was paid by the Housing Authority and \$4,761 was paid by employees. No payments were made out of the forfeiture account.

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Commitments**

On October 1, 2009, the Authority entered into an Employment Agreement with the Executive Director. The agreement is for five years, unless terminated earlier by either party.

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

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

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

**Litigation** The Housing Authority is not presently involved in litigation.

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

**Construction Projects** There are certain renovation or construction projects in progress at September 30, 2010. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

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

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

This includes coverage of property, general liability, public liability, and worker's compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the PHA's premiums and deductions are met.

Louisiana State law prohibits one governmental entity assessing another entity. If the Louisiana Housing Council Group Self Insured Fund (LHC) risk pool is unable to meet its obligations, the risk to the Housing Authority is only that it s own claim would be unpaid.

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

HOUSING AUTHORITY OF DENHAM SPRINGS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010

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

**NOTE 12 – ECONOMIC DEPENDENCE** The Department of Housing and Urban Development provided \$1,447,438 to the Housing Authority, which represents approximately 82% of the Housing Authority's total revenue and capital contributions for the year.

**NOTE 13 – CAPITAL CONTRIBUTION** \$145,534 of federal grants composed capital contributions to the General Fund. \$3,327,165 of limited partner contributions were made to Component Units. \$1,295,287 and \$2,031,878 were contributed to Ashley Place II and III, respectively.

**NOTE 14 – NET ASSETS – RESTRICTED** \$258,296 of general net assets are restricted for the Housing Choice Voucher Fund. In addition, \$382,420 are restricted for amounts required by the operating and replacement reserves of the Denham Springs Community Corporation, required as the general partner. This Corporation is part of the General Fund.

**MIKE ESTES, P.C.**  
A PROFESSIONAL ACCOUNTING CORPORATION  
4200 AIRPORT FREEWAY – SUITE 100  
FORT WORTH, LOUISIANA 76117

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

MIKE ESTES, CPA

(817) 831-3553  
(817) 831-3560  
e-mail: [office@mikeestespc.com](mailto:office@mikeestespc.com)  
website: [mikeestespc.com](http://mikeestespc.com)

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*

To the Housing Authority of Denham Springs  
Denham Springs, Louisiana

We have audited the basic financial statements of the Housing Authority of the City of Denham Springs, Louisiana, as of and for the year ended September 30, 2010 and have issued our report thereon dated June 20, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Denham Springs, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Denham Springs, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Denham Springs, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Audit Findings 10-01, 10-02, and 10-03 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Audit Finding 10-04 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Denham Springs, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 10-01, 10-02, and 10-03.

We noted certain matters that we reported to management of the Housing Authority of the City of Denham Springs in a separate letter dated June 20, 2011.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.  
Fort Worth, Texas  
June 20, 2011

**MIKE ESTES, P.C.**  
A PROFESSIONAL ACCOUNTING CORPORATION  
4200 AIRPORT FREEWAY – SUITE 100  
FORT WORTH, TEXAS 76117

MIKE ESTES, CPA

(817) 831-3553  
(817) 831-3560  
e-mail: [office@mikeestespc.com](mailto:office@mikeestespc.com)  
website: [mikeestespc.com](http://mikeestespc.com)

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

Report on Compliance with Requirements Applicable to Each  
Major Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133

Housing Authority of Denham Springs  
Denham Springs, Louisiana

**Compliance**

We have audited the Housing Authority of the City of Denham Springs, Louisiana compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Denham Springs, Louisiana's major federal programs for the year ended September 30, 2010. The Housing Authority of the City of Denham Springs, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of Denham Springs, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of the City of Denham Springs, Louisiana's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Denham Springs, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of the City of Denham Springs, Louisiana's compliance with those requirements.

As described in Audit Findings 10-01, 10-02, and 10-03 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 Reporting (Findings 10-01, 10-02, and 10-03), and Special Tests and Provisions (Findings 10-02 and 10-03) that are applicable to its Section Eight programs. Compliance with such requirements is necessary, in our opinion, for the Housing Authority of the City of Denham Springs to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Housing Authority of the City of Denham Springs, Louisiana complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

### **Internal Control Over Compliance**

Management of the Housing Authority of the City of Denham Springs, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of Denham Springs, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Denham Springs, Louisiana's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified 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 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 Findings 10-01, 10-02, and 10-03 to be material weaknesses.

The Housing Authority of the City of Denham Springs, Louisiana's responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of the City of Denham Springs, Louisiana's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.  
Fort Worth, Texas  
June 20, 2011

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2010

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 109,403
Capital Fund Cluster		
Capital Fund Program	14.872	90,741
American Recovery and Reinvestment Act	14.885	86,032
Total Capital Fund Cluster		176,773
Housing Choice Voucher	14.871	979,166
Katrina Disaster Housing		
Assistance Payments	97.109	855
Housing Assistance Payments (IKE)	14.IKE	181,241
Total United States Department of Housing and Urban Development		\$ 1,447,438
Total Expenditures of Federal Awards		\$ 1,447,438

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

YEAR ENDED SEPTEMBER 30, 2010

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

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

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

	<u>Federal Sources</u>
Operating grants	\$ 1,301,904
Capital contributions	145,534
	<hr/>
Total	\$ 1,447,438
	<hr/> <hr/>

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

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2010

**Section I – Summary of the Auditor’s Results**

**Financial Statement Audit**

- i. The type of audit report issued was qualified.
- ii. There was one significant deficiency required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
- iii. There were three instances of noncompliance considered material, as defined by the *Government Auditing Standards* to the financial statements.

**Audit of Federal Awards**

- iv. There were three material weaknesses required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was qualified.
- vi. The audit disclosed three audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:
  - CFDA# 14.871            Section 8 Housing Choice Voucher
  - CFDA# 14.IKE        Disaster Voucher Assistance Payments (IKE)
  - CFDA# 97.109        Disaster Housing Assistance Payments (Katrina)
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee did not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2010

**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:**

All Programs

10 – 01 – Lack of Adequate Control Check of Financial Statements

Statement of Condition

Material audit adjustments were necessary that were not brought to our attention by management. It appears adequate information was not timely supplied to the fee accountant (see 10-02). In addition, the PHA did not perform a supervisory review, to an adequate extent, to detect the material misstatements, before the unaudited statements were released.

This is considered a material weakness in financial reporting.

Criteria

The July 2007 Revision (and earlier versions) of Government Auditing Standards state that generally accepted government auditing standards incorporate AICPA auditing standards.

Under Statement on Auditing Standards (SAS) #115, effective for years ended 12/31/09 and after, [prior to this, SAS #112 was in effect with similar language], material audit adjustments are evidence of a weakness in the internal control over reporting, which are usually deemed to be at least a significant deficiency, if not a material weakness.

In addition, the Government Accountability Office (GAO) adopted the SAS #112 internal control terminology in January 2007, and later adopted SAS #115 terminology. In June 2007, the OMB revised Circular A-133 to adopt SAS #112 internal control terminology, and later adopted SAS #115 terminology.

Effect

The Section Eight total assets, total equity, total income, and total expenses were materially misstated.

Cause

The keeping of accounting records and information maintained at the PHA office, including the HAP Register, as noted in Finding 10-02, needs to improve. In addition, the accountant, who is experienced and conscientious, made accounting errors. Accounting for this Authority's Emergency Section Eight Programs, Development Corporation and Component units is complex. Management cannot be faulted for all of the errors.

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2010

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:

Questioned Cost

None

Recommendation

The errors have been discussed with the Executive Director and the accountant. The supervisory review procedures should be reviewed, and revised if necessary. Also, see the recommendation in Finding 10-02.

10 – 01 – Corrective Action Plan-Response

I am Fred Banks, Executive Director and Designated Person to answer this finding. We believe we have an excellent fee accountant. But, we have discussed the situation with them. They assure us they will perform an adequate review in the future. Regarding the keeping of better in-house records and information, we believe we have already improved since year end, as we discussed with the auditor. However, we will strive to improve more.

All Section Eight Programs

10 – 02 – Deficiencies Noted in Accounting for HAP and Related Payments

Statement of Condition

The Authority's Housing Assistance Payments (HAP) Register was not maintained in a manner to provide the information required by federal regulations. We had to resort to the most elemental level, the use of check stubs and microfiche of cancelled checks, to test much of the information normally supplied by the HAP Register. Port-ins, port-outs, and admin fees were difficult to recalculate. In addition, the Authority did not maintain a separate HAP Register for DHAP-IKE, which made accounting for the disaster program difficult.

Criteria

A Section Eight Housing Assistance Payments (HAP) Register is required to be maintained in accordance with 24 CFR Section 982.158, 982 subpart K, and by Notice PIH 2008-39 Section [u].

Effect

Issues noted included, but were not limited, to the following:

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2010

**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:**

1. Port-out fees and administrative fees were not determinable from a review of the HAP Register, as required. Every check stub had to be reviewed to recalculate this.
2. Port-ins reimbursement fees were not determinable from a review of the HAP Register, as required. The port in reimbursements detail had to be reviewed to determine this. Before audit adjustment, the port in HAP reimbursement was netted with HAP payments.
3. Port-ins admin fees were not determinable from a review of the HAP Register or Accounts Receivable, as required. In many instances, the PHA reimbursing the Denham Springs Authority for port-ins did not list an admin fee separately from the amount paid.
4. The Authority did not appear to keep up with the accounts receivable and payable balances with the other PHAs, on any monthly or other period basis, as required. It is not possible to verify the accuracy of this information, on a periodic basis, without an adequately maintained HAP Register.
5. The number of unit months leased (UML) is not determinable from the HAP Register. This is required for a number of reasons, including to verify the monthly VMS reports. To review the UML, every check voucher had to be reviewed and counted from February through September 2010. A report for October 2009 through January 2010 listed out the check number and amount, along with the number of vouchers paid with each check. We reviewed this on a sample basis.
6. A HAP Register did not list the landlord, as required. To determine the landlord in our tests, apart from the tenant file, we traced to the bank's copy of the cancelled check.
7. The HAP Register did not list all monthly participants, as required. The tenant-voucher holders, in most cases, were listed on the check stub. Types of vouchers for Housing Choice Voucher (HCV), HAP, DHAP-HVC, and Port-Outs were listed reasonably on the first four months' registers, along with the number of vouchers paid on the same check voucher. For the remaining four months, it was unclear, and much additional work was required.
8. Security deposit payments were originally counted as HAP expenses. Attempts to recoup the security deposits paid to the landlord or the participant on the disaster program were not adequately documented.

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2010

**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:**

Cause

The Section Eight program is handled by only two employees, neither of which can devote all of their time to Section Eight. Both the long-time Executive Director and the Section Eight assistant are conscientious, and attend training. But training needs to be attended especially for the Section Eight requirements. The quality control documentation was not adequate, which contributed to the deficiency.

Questioned Cost

None

Recommendation

The HAP Register needs to be revised, and include the following information: voucher number/tenant name and contact information, landlord, monthly amount, date, check number paid, excess utility, type of voucher, such as HCV or DHAP-HCV, and record of possible reimbursable fees paid, such as security deposits.

A separate HAP Register should be maintained for DHAP-IKE, with similar information.

We also recommend that separate registers be kept for port-ins and port-outs, clearly listing the same information noted above and in addition: the record of payments disbursed, an accumulative accrual balance, admin fees owed and received, and a clear segregation between amounts earned and amounts owed.

The Authority should consider, in our opinion, hiring a qualified individual, experienced [preferably] with Section Eight. More man hours need to be devoted to Section Eight. At least two individuals need to know how to maintain the HAP Register and other functions, noted above. One person needs to perform quality control checks on a heavy basis, and document those checks. Section Eight requirements are too complicated to expect one person in-house to figure everything out, without regular assistance. In addition, to comply with auditing standards, quality control must be performed and documented, by a person with the demonstrated knowledge to do the checks.

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2010

**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:**

10-02-Corrective Action Plan-Response

I will discuss the above matter with the Board of Commissioners at our next board meeting. I pointed out to the auditor that we are now preparing a software report that contains much of the information included in a HAP Register. However, I realize we need to further improve our record keeping, as the auditor suggests.

All Section Eight Programs

10-03 - Issues Noted with Tenant Files, 1099s

Statement of Condition

1. We reviewed thirteen Housing Choice Voucher files. Six were current year move-ins. The required rent reasonableness comparisons were not performed. Or, if they were, there was no documentation in the file.
2. We reviewed eight DHAP-IKE files. In four of the eight, there was no executed, signed Lease Agreement of Trailer and Property. In six of the eight, the Disaster HAP-IKE Family Obligations Certificate was not signed by a PHA representative. In all eight, there was no rent reasonableness comparison. In six of the eight, there was not a move-in inspection prepared and signed by a PHA representative. In addition, there was no documentation of quality control checks in any file.
3. According to both employees who work with Section Eight, 1099s were issued to landlords. The 1099s were available to us. However, the Authority did not keep a copy of the 1096 transmittal that was sent to the IRS. Without that, we are unable to determine that all 1099s that were generated by the software were issued to landlords, and transmitted to the IRS.

Criteria

Tenant files are required to contain the information required by federal regulations. The 1096 transmittal is required to be kept by the issuer to help prove that the required 1099s were issued.

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2010

**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:**

Effect

Federal regulations were not followed in the above instances.

Cause

In part, the reason is that a Section Eight program of this magnitude, considering the disaster assistance, should have had more man hours devoted to it.

Questioned Cost

None.

Recommendation

As noted in 10-02, above, the Authority should strongly consider hiring an additional experienced Section Eight person. More Section Eight training should be attended. Quality control checks need to be made on a heavy basis by a qualified person.

10-03-Corrective Action Plan-Response

We will comply with the auditor's recommendation.

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2010

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

The Audit Findings shown in Part II also apply here.

Findings 10-01 - Reporting

Findings 10-02 and 10-03 - Reporting, Special Tests and Provisions

HOUSING AUTHORITY OF DENHAM SPRINGS  
SUMMARY SCHEDULE OF OTHER FINDINGS

YEAR ENDED SEPTEMBER 30, 2010

Low Rent Program - Non Major

Finding 10-04 - Quality Control Not Documented

Statement of Condition

We reviewed six Low Rent tenant files. We found no exceptions. The files appear to be well maintained. However, there was not documentation of a quality control review.

Criteria

Statement on Auditing Standard (SAS) #115, deems it to be a significant deficiency, as defined by the Standard, when there are no documented, representative, quality control checks on the calculation of tenant rent or the related compliance issues.

Effect

The risk of material noncompliance or misstatement was not reduced to the level required by SAS #115.

Cause

Unknown.

Recommendation

Quality control checks need to be performed and documented. However, the checks do not have to be as extensive as recommended for Section Eight, because the Low Rent Program is presently not as complicated, and the Low Rent assistant is very experienced.

10-04 - Corrective Action Plan-Response

We will do as the auditor suggests.

HOUSING AUTHORITY OF DENHAM SPRINGS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2010

**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 Program

09-01 – Lack of Adequate Control Check of Financial Statements

Condition

Material audit adjustments were necessary that were not brought to our attention by management. The PHA did not perform a supervisory review sufficient to detect these material adjustments before the unaudited statements were released.

Recommendation

We recommended that the supervisory process be improved.

Current Status

This finding is repeated in the current audit.

HOUSING AUTHORITY OF DENHAM SPRINGS  
SCHEDULE OF MANAGEMENT LETTER ITEMS

YEAR ENDED SEPTEMBER 30, 2010

To Management and the Board of Commissioners:

The audited financial statements were not submitted to the Louisiana Legislative Auditor until late June 2011.

The Legislative Auditor approved an extension request through June 30, 2010, subject to confirmation by the Legislative Advisory Council.

But, Louisiana Revised Statutes 24:513 and 24:514 require attestation reports prepared by a CPA be submitted to the Louisiana Legislative Auditor no later than six months after fiscal year end. For the Authority, this is no later than March 31.

We realize that the Authority audit report cannot be completed until the three audited financial statements for the component units, Ashley Place I, II, and III are received. The Authority uses another auditor to perform those three audits.

We also realize that once those three reports are received, time is required to A) combine the information into one reporting component unit and prepare the disclosures, and B) to prepare the accounting for the general partner, Denham Springs Community Corporation, which is part of the Authority's General Fund.

The Authority did not receive the final draft of the audited financial statements for Ashley Place III until late May 2011.

The Authority should obtain assurance from the auditors of the component units that they will make every effort to have final drafts of the audits for the year ended September 30, 2011 to you no later than February 28, 2012. We realize for the year ended September 30, 2010, events may have been beyond their control.

Correction Action Plan – Response

I am Fred Banks, Executive Director and Designated Person to address this Management Letter Comment. I will try to obtain this assurance from the auditors of the component units. We will endeavor to meet the March 31, 2012 and all future state filing deadlines.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF DENHAM SPRINGS  
STATEMENT OF AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS  
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED SEPTEMBER 30, 2010

	CASH BASIS		
	2009 Capital Fund Recovery Grant	2005 Capital Fund	2006 Capital Fund
Funds approved	\$ 86,032	\$ 70,256	\$ 67,821
Funds expended	<u>86,032</u>	<u>70,256</u>	<u>67,821</u>
Excess of funds approved	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funds advanced	\$ 86,032	\$ 70,256	\$ 67,821
Funds expended	<u>86,032</u>	<u>70,256</u>	<u>67,821</u>
Excess of funds advanced	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statement of Modernization Costs dated May 31, 2011, June 13, and June 12, 2011, respectively, accompanying the Actual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF DENHAM SPRINGS  
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2010

CASH BASIS

	2007 Capital Fund	2008 Capital Fund	2009 Capital Fund
Funds approved	\$ 69,423	\$ 67,967	\$ 67,613
Funds expended	61,975	17,765	11,000
Excess of funds approved	<u>\$ 7,448</u>	<u>\$ 50,202</u>	<u>\$ 56,613</u>
Funds advanced	\$ 21,500	\$ 20,100	\$ 42,613
Funds expended	61,975	17,765	11,000
Excess (deficiency) of funds advanced	<u>\$ (40,475)</u>	<u>\$ 2,335</u>	<u>\$ 31,613</u>

**HOUSING AUTHORITY OF DENHAM SPRINGS  
FINANCIAL DATA SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2010**

**Entity Wide Balance Sheet Summary**

	Project Total	14 DVP Disaster Voucher Program	97-109 Disaster Hsg Assistance Grant	14 IKE DRAP-IKE	14.871 Housing Choice Vouchers	6 Component Units	14.885 Formula Capital Fund Stimulus Grant	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$3,194		\$159,950	\$464,701		\$2,900		\$42,207	\$992,952		\$682,952
112 Cash - Restricted - Modernization and Development											
113 Cash - Other Restricted	\$4,500			\$84,129	\$256,296			\$352,494	\$734,919		\$734,919
114 Cash - Tenant Security Deposits								\$15,167	\$19,667		\$19,667
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	\$7,694	\$0	\$159,950	\$548,830	\$256,296	\$2,900	\$0	\$449,868	\$1,437,538		\$1,437,538
121 Accounts Receivable - PHA Projects					\$10,803				\$10,803		\$10,803
122 Accounts Receivable - HUD Other Projects	\$48,793								\$48,793		\$48,793
124 Accounts Receivable - Other Government					\$63,241				\$63,241		\$63,241
125 Accounts Receivable - Miscellaneous	\$11,390				\$28,734				\$40,124		\$40,124
126 Accounts Receivable - Tenants	\$386							\$9,579	\$4,065		\$4,065
126.1 Allowance for Doubtful Accounts - Tenants	-\$368			\$0				\$0	-\$368		-\$368
126.2 Allowance for Doubtful Accounts - Other	\$0			\$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	\$1,278								\$1,278		\$1,278
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$61,479	\$0	\$0	\$0	\$102,778	\$0	\$0	\$3,679	\$167,936		\$167,936
131 Investments - Unrestricted	\$389,337					\$110			\$389,447		\$389,447
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	\$29,484							\$18,196	\$47,680		\$47,680
143 Inventories											
143.1 Allowance for Obsolete Inventories											
144 Inter Program Due From											
145 Assets Held for Sale											
150 Total Current Assets	\$487,994	\$0	\$159,950	\$548,830	\$361,074	\$3,010	\$0	\$471,743	\$2,042,601		\$2,042,601
161 Land	\$17,200								\$645,624		\$662,824
162 Buildings	\$2,644,099								\$8,087,783		\$10,731,882
163 Furniture, Equipment & Machinery - Dwellings	\$57,050								\$1,054,469		\$1,111,519
164 Furniture, Equipment & Machinery - Administration	\$116,530		\$4,730		\$53,020				\$174,280		\$174,280

**HOUSING AUTHORITY OF DENHAM SPRINGS  
FINANCIAL DATA SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2010**

**Entity Wide Balance Sheet Summary**

	Project Total	14 DVP Disaster Voucher Program	97-109 Disaster Hsg Assistance Grant	14.IKE DHAP-IKE	14 871 Housing Choice Vouchers	6 Component Units	14 065 Formula Capital Fund Stimulus Grant	2 State/Local	Subtotal	ELIM	Total
165 Leasehold Improvements	\$408,953							\$3,125,208	\$3,534,161		\$3,534,161
166 Accumulated Depreciation	-\$2,755,432		-\$946		-\$38,748			-\$1,262,876	-\$4,057,802		-\$4,057,802
167 Construction in Progress											
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	\$488,410	\$0	\$3,784	\$0	\$14,272	\$0	\$0	\$1,860,408	\$2,156,874		\$12,156,874
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						\$433,991		\$385,965	\$799,956		\$799,956
176 Investments in Joint Ventures						\$770,162			\$770,162		\$770,162
180 Total Non-Current Assets	\$488,410	\$0	\$3,784	\$0	\$14,272	\$1,204,153	\$0	\$12,016,373	\$13,726,992		\$13,726,992
190 Total Assets	\$976,404	\$0	\$17,734	\$548,830	\$375,346	\$1,207,163	\$0	\$12,488,116	\$15,769,593		\$15,769,593
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	\$8,157			\$84,129		\$3,137			\$95,425		\$95,425
313 Accounts Payable >90 Days Past Due								\$38,822	\$38,822		\$38,822
321 Accrued Wage/Payroll Taxes Payable	\$3,271								\$3,271		\$3,271
322 Accrued Compensated Absences - Current Portion	\$2,437				\$1,044				\$3,481		\$3,481
324 Accrued Contingency Liability											
325 Accrued Interest Payable								\$11,223	\$11,223		\$11,223
331 Accounts Payable - HUD PHA Programs											
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government											
341 Tenant Security Deposits	\$4,500								\$4,500		\$4,500
342 Deferred Revenues	\$33,848			\$235,363				\$4,704	\$274,015		\$274,015
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								\$44,945	\$44,945		\$44,945
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities					\$1,025				\$1,025		\$1,025
346 Accrued Liabilities - Other						\$224,508		\$288,240	\$427,746		\$427,746
347 Inter Program - Due To											
348 Loan Liability - Current											
310 Total Current Liabilities	\$52,313	\$0	\$0	\$319,492	\$2,569	\$227,543	\$0	\$333,559	\$995,076		\$995,076

HOUSING AUTHORITY OF DENHAM SPRINGS  
FINANCIAL DATA SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2010

**Entity Wide Balance Sheet Summary**

	Project Total	14 DVP Disaster Voucher Program	97-109 Disaster Hsg Assistance Grant	14-1KE DHAP-1KE	14-871 Housing Choice Vouchers	6 Component Units	14-885 Formula Capital Fund Stimulus Grant	2 State Local	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								\$3,308,663	\$3,308,663		\$3,308,663
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other											
354 Accrued Compensated Absences - Non Current	\$6,606				\$7,595			\$1,085,699	\$1,093,294		\$1,093,294
355 Loan Liability - Non Current					\$2,831				\$9,437		\$9,437
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities											
358 Total Non-Current Liabilities	\$6,606	\$0	\$0	\$0	\$10,426	\$0	\$0	\$4,394,362	\$4,411,394		\$1,411,394
300 Total Liabilities	\$68,919	\$0	\$0	\$319,492	\$12,485	\$227,643	\$0	\$4,727,921	\$5,346,470		\$5,346,470
508.1 Invested In Capital Assets, Net of Related Debt	\$488,410		\$3,784		\$14,272			\$8,295,800	\$8,803,266		\$8,803,266
509.2 Fund Balance Reserved											
511.2 Unreserved, Designated Fund Balance											
511.1 Restricted Net Assets					\$258,296	\$382,420			\$640,716		\$640,716
512.1 Unrestricted Net Assets	\$429,075	\$0	\$169,950	\$229,338	\$93,203	\$597,100	\$0	\$533,605	\$979,141		\$979,141
512.2 Unreserved, Undesignated Fund Balance											
513 Total Equity/Net Assets	\$917,495	\$0	\$173,734	\$229,338	\$382,851	\$979,520	\$0	\$7,760,195	\$10,423,123		\$10,423,123
600 Total Liabilities and Equity/Net Assets	\$976,404	\$0	\$173,734	\$548,830	\$375,346	\$1,207,163	\$0	\$12,488,116	\$15,789,593		\$15,789,593

HOUSING AUTHORITY OF DENHAM SPRINGS  
FINANCIAL DATA SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2010

**Entity Wide Revenue and Expense Summary**

	Project Total	14. DVP Disaster Voucher Program	97.109 Disaster Hsg Assistance Grant	14. IKE DHAP-IKE	14.871 Housing Choice Vouchers	6 Component Units	14.885 Formula Capital Fund Stimulus Grant	2 State/Local	Subtotal	ELI#	Total
70300 Net Tenant Rental Revenue	\$80,394							\$661,920	\$742,314		\$742,314
70400 Tenant Revenue - Other	\$3,419							\$17,561	\$20,980		\$20,980
70500 Total Tenant Revenue	\$83,813	\$0	\$0	\$0	\$0	\$0	\$0	\$679,481	\$763,294		\$763,294
70600 HUD PHA Operating Grants	\$140,642				\$979,106				\$1,119,808		\$1,119,808
70610 Capital Grants	\$59,502						\$86,032		\$145,534		\$145,534
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			\$865	\$181,241	\$8	\$3			\$182,096		\$182,096
71100 Investment Income - Unrestricted	\$3,391								\$3,402		\$3,402
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Asscis											
71400 Fraud Recovery											
71500 Other Revenue	\$7,263				\$97,311	\$116,582		\$207	\$221,363		\$221,363
71600 Gain or Loss on Sale of Capital Assets											
72000 Investment Income - Restricted											
70000 Total Revenue	\$294,611	\$0	\$855	\$181,241	\$1,076,500	\$116,585	\$86,032	\$679,698	\$2,435,512		\$2,435,512
91100 Administrative Salaries	\$47,631			\$13,430	\$53,429			\$33,519	\$148,009		\$148,009
91200 Auditing Fees	\$12,180				\$8,120			\$20,300	\$20,300		\$20,300
91300 Management Fee											
91310 Book-keeping Fee											
91400 Advertising and Marketing	\$204				\$252				\$2,682		\$2,682
91500 Employee Benefit contributions - Administrative	\$6,687			\$1,857	\$6,467			\$4,527	\$19,538		\$19,538
91600 Office Expenses	\$13,895			\$182	\$6,934			\$9,192	\$30,203		\$30,203
91700 Legal Expense								\$14,562	\$14,562		\$14,562
91800 Travel	\$9,542				\$10,046				\$19,588		\$19,588
91810 Allocated Overhead											
91900 Other	\$3,165				\$10,218			\$65,750	\$79,139		\$79,139
91000 Total Operating - Administrative	\$93,304	\$0	\$0	\$15,469	\$95,466	\$0	\$0	\$129,802	\$334,041		\$334,041

HOUSING AUTHORITY OF DENHAM SPRINGS  
FINANCIAL DATA SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2010

**Entity Wide Revenue and Expense Summary**

	Project Total	14, DVP Disaster Voucher Program	97,109 Disaster Hsg Assistance Grant	14, IKE D-HAP, IKE	14, 871 Housing Choice Vouchers	6 Component Units	14, 885 Formula Capital Fund Stimulus Grant	2 State/Local	Subtotal	ELIM	Total
92000 Asset Management Fee											
92100 Tenant Services - Salaries											
92200 Relocation Costs											
92300 Employee Benefit Contributions - Tenant Services											
92400 Tenant Services - Other				\$15,687	\$0	\$0	\$0	\$0	\$15,687		\$15,687
92500 Total Tenant Services	\$0	\$0	\$0	\$15,687	\$0	\$0	\$0	\$0	\$15,687		\$15,687
93100 Water	\$477							\$25,354	\$25,831		\$25,831
93200 Electricity	\$8,522							\$13,732	\$22,254		\$22,254
93300 Gas	\$1,100								\$1,109		\$1,109
93400 Fuel											
93500 Labor											
93600 Sewer	\$0,471							\$25,352	\$39,823		\$39,823
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense											
93000 Total Utilities	\$18,579	\$0	\$0	\$0	\$0	\$0	\$0	\$9,226	\$9,226		\$9,226
94100 Ordinary Maintenance and Operations - Labor	\$31,141							\$22,238	\$53,379		\$53,379
94200 Ordinary Maintenance and Operations - Materials and Other	\$15,437							\$21,190	\$36,627		\$36,627
94300 Ordinary Maintenance and Operations Contracts	\$18,271							\$73,658	\$89,929		\$89,929
94500 Employee Benefit Contributions - Ordinary Maintenance	\$3,979							\$590	\$4,569		\$4,569
94000 Total Maintenance	\$66,828	\$0	\$0	\$0	\$0	\$0	\$0	\$117,676	\$184,504		\$184,504
95100 Protective Services - Labor											
95200 Protective Services - Other Contract Costs											
95300 Protective Services - Other											
95500 Employee Benefit Contributions - Protective Services											
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96110 Property Insurance	\$20,780							\$36,675	\$57,455		\$57,455
96120 Liability Insurance	\$5,911				\$894			\$12,225	\$18,920		\$18,920
96130 Workmen's Compensation	\$3,424				\$1,120			\$699	\$5,243		\$5,243
96140 All Other Insurance	\$16,464				\$384			\$2,405	\$19,253		\$19,253
96100 Total Insurance Premiums	\$46,479	\$0	\$0	\$0	\$2,388	\$0	\$0	\$52,004	\$100,871		\$100,871

HOUSING AUTHORITY OF DENHAM SPRINGS  
FINANCIAL DATA SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2010

**Entity Wide Revenue and Expense Summary**

	Project Total	14, DVP Disaster Voucher Program	97,109 Disaster Hsg Assistance Grant	14, IKE 01HAP-IKE	14, B71 Housing Choice Vouchers	6 Component Units	14, 885 Formula Capital Fund Stimulus Grant	2 State/Local	Subtotal	E.I.M	Total
96200 Other General Expenses	\$37				\$1,150			\$134,703	\$135,080		\$135,080
96210 Compensated Absences	\$4,830				\$2,070				\$6,900		\$6,900
96300 Payments in Lieu of Taxes	\$0,181								\$6,181		\$6,181
96400 Bad debt - Tenant Rents	\$368							\$19,600	\$19,968		\$19,968
96500 Bad debt - Mortgage											
96600 Bad debt - Other											
96630 Severance Expense											
96000 Total Other General Expenses	\$11,416	\$0	\$0	\$0	\$3,220	\$0	\$0	\$154,303	\$168,939		\$168,939
96710 Interest of Mortgage (or Bonds) Payable											
96720 Interest on Notes Payable (Short and Long Term)								\$256,783	\$256,783		\$256,783
96730 Amortization of Bond Issue Costs								\$804	\$604		\$604
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$257,387	\$257,387		\$257,387
96900 Total Operating Expenses	\$238,606	\$0	\$0	\$31,156	\$101,074	\$0	\$0	\$784,836	\$1,153,672		\$1,153,672
97000 Excess of Operating Revenue over Operating Expenses	\$58,005	\$0	\$655	\$150,085	\$975,426	\$116,585	\$86,032	-\$105,148	\$1,281,840		\$1,281,840
97100 Extraordinary Maintenance	\$900								\$900		\$900
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments			\$273	\$137,164	\$645,179				\$782,616		\$782,616
97350 HAP Portability-In					\$90,832				\$90,832		\$90,832
97400 Depreciation Expense	\$71,361		\$946		\$6,481			\$463,745	\$542,513		\$542,513
97500 Fraud Losses											
97500 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											
97800 Dwelling Units Rent Expense											
90000 Total Expenses	\$308,657	\$0	\$1,219	\$168,320	\$843,546	\$0	\$0	\$1,248,581	\$2,570,533		\$2,570,533
10010 Operating Transfer In	\$30,000								\$30,000		\$30,000
10020 Operating Transfer Out	-\$30,000								-\$30,000		-\$30,000
10030 Operating Transfers from/to Primary Government											
10040 Operating Transfers from/to Component Unit									\$3,327,165		\$3,327,165
10050 Proceeds from Notes, Loans and Bonds											

HOUSING AUTHORITY OF DENHAM SPRINGS  
FINANCIAL DATA SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2010

**Entity Wide Revenue and Expense Summary**

	Project Total	14. DVP Disaster Voucher Program	97.109 Disaster Hsg Assistance Grant	14. IKE DHAP-IKE	14.871 Housing Choice Vouchers	G Component Units	14.885 Formula Capital Fund Stimulus Grant	2 State/Local	Subtotal	ELIM	Total
10060 Proceeds from Property Sales											
10070 Extraordinary Items, Net Gain/Loss											
10080 Special Items (Net Gain/Loss)											
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,327,165	\$3,327,165		\$3,327,165
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$14,256	\$0	-\$364	\$12,921	\$232,554	\$116,585	\$86,032	\$2,758,272	\$3,192,144		\$3,192,144
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$845,709	\$19,157	\$174,093	\$216,417	\$110,740	\$862,935	\$0	\$5,001,923	\$7,230,979		\$7,230,979
11040 Prior Period Adjustments - Equity Transfers and Correction of Errors	\$66,032	-\$19,157		\$0	\$19,157		-\$66,032		\$0		\$0
11050 Changes in Compensated Absence Balance											
11060 Changes in Contingent Liability Balance											
11070 Changes in Unrecognized Pension Transition Liability											
11080 Changes in Special Term/Severance Benefits Liability											
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity					\$100,309				\$100,309		\$100,309
11180 Housing Assistance Payments Equity					\$262,542				\$262,542		\$262,542
11180 Unit Months Available	418		2		1509				1920		1590
11210 Number of Unit Months Leased	418		2		1491				1911		1911
11270 Excess Cash	\$386,584								\$386,584		\$386,584
11610 Land Purchases	\$0								\$0		\$0
11620 Building Purchases	\$145,534								\$145,534		\$145,534
11630 Furniture & Equipment - Dwelling Purchases	\$0								\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0								\$0		\$0
11650 Leasehold Improvements Purchases	\$0								\$0		\$0
11660 Infrastructure Purchases	\$0								\$0		\$0
13510 CFFP Debt Service Payments	\$0								\$0		\$0
13901 Replacement Housing Factor Funds	\$0								\$0		\$0

HOUSING AUTHORITY OF DENHAM SPRINGS  
 FINANCIAL DATA SCHEDULE  
 YEAR ENDED SEPTEMBER 30, 2010

**Single Project Revenue and Expense**

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$80,394		\$80,394
70400 Tenant Revenue - Other	\$3,419		\$3,419
70500 Total Tenant Revenue	\$83,813	\$0	\$83,813
70600 HUD PHA Operating Grants	\$109,403	\$31,239	\$140,642
70610 Capital Grants		\$59,502	\$59,502
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	\$3,391		\$3,391
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	\$7,263		\$7,263
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$203,870	\$90,741	\$294,611
91100 Administrative Salaries	\$47,631		\$47,631
91200 Auditing Fees	\$12,180		\$12,180
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$204		\$204
91500 Employee Benefit Contributions - Administrative	\$6,687		\$6,687
91600 Office Expenses	\$13,895		\$13,895
91700 Legal Expense			
91800 Travel	\$9,542		\$9,542
91810 Allocated Overhead			
91900 Other	\$3,165		\$3,165
91000 Total Operating - Administrative	\$93,304	\$0	\$93,304

HOUSING AUTHORITY OF DENHAM SPRINGS  
 FINANCIAL DATA SCHEDULE  
 YEAR ENDED SEPTEMBER 30, 2010

**Single Project Revenue and Expense**

	Low Rent	Capital Fund	Total Project
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$0	\$0	\$0
92500 Total Tenant Services			
93100 Water	\$477		\$477
93200 Electricity	\$8,522		\$8,522
93300 Gas	\$1,109		\$1,109
93400 Fuel			
93500 Labor			
93600 Sewer	\$8,471		\$8,471
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$18,579	\$0	\$18,579
94100 Ordinary Maintenance and Operations - Labor	\$31,141		\$31,141
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,198	\$1,239	\$15,437
94300 Ordinary Maintenance and Operations Contracts	\$16,271		\$16,271
94500 Employee Benefit Contributions - Ordinary Maintenance	\$3,979		\$3,979
94000 Total Maintenance	\$65,589	\$1,239	\$66,828
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$20,780		\$20,780
96120 Liability Insurance	\$5,811		\$5,811
96130 Workmen's Compensation	\$3,424		\$3,424
96140 All Other Insurance	\$16,464		\$16,464
96100 Total Insurance Premiums	\$46,479	\$0	\$46,479

HOUSING AUTHORITY OF DENHAM SPRINGS  
 FINANCIAL DATA SCHEDULE  
 YEAR ENDED SEPTEMBER 30, 2010

**Single Project Revenue and Expense**

	Low Rent	Capital Fund	Total Project
98200 Other General Expenses	\$37		\$37
98210 Compensated Absences	\$4,830		\$4,830
96300 Payments in Lieu of Taxes	\$6,181		\$6,181
96400 Bad debt - Tenant Rents	\$388		\$388
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
98000 Total Other General Expenses	\$11,416	\$0	\$11,416
98710 Interest of Mortgage (or Bonds) Payable			
98720 Interest on Notes Payable (Short and Long Term)			
98730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96800 Total Operating Expenses	\$235,387	\$1,239	\$236,606
97000 Excess of Operating Revenue over Operating Expenses	-\$31,497	\$89,502	\$58,005
97100 Extraordinary Maintenance	\$900		\$900
97200 Casually Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$62,723	\$9,138	\$71,351
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense	\$288,490	\$10,377	\$308,867
98000 Total Expenses	\$30,000	-\$30,000	\$0
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			

HOUSING AUTHORITY OF DENHAM SPRINGS  
 FINANCIAL DATA SCHEDULE  
 YEAR ENDED SEPTEMBER 30, 2010

**Single Project Revenue and Expense**

	Low Rent	Capital Fund	Total Project
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)	\$30,000	-\$30,000	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$64,620	\$50,384	-\$14,256
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$845,709	\$0	\$845,709
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$86,032	\$86,032
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Service 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	418		418
11210 Number of Unit Months Leased	418		418
11270 Excess Cash	\$386,584		\$386,584
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$145,534	\$145,534
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