

HOUSING AUTHORITY
OF THE CITY OF DENTON, TEXAS

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2014 AND 2013

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Denton, Texas
Denton, Texas

Report of the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Denton, Texas ("the Authority"), which comprise the statements of net position as of September 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Denton, Texas as of September 30, 2014 and 2013, and the changes in its net position and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

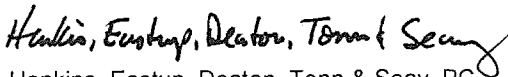
Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Housing Authority of the City of Denton, Texas' basic financial statements. The HUD Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The HUD Financial Data Schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the HUD Financial Data Schedule and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015 on our consideration of Housing Authority of the City of Denton, Texas' internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Denton, Texas' internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 29, 2015

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

The following is an analysis of the financial performance of the Housing Authority of the City of Denton, Texas (the "Authority"). It is intended to provide the reader with an overview of the Authority's financial activities for the fiscal year ended September 30, 2014. The information contained in this MD&A should be considered in conjunction with the Authority's basic financial statements.

Financial Highlights

The Authority's total assets increased from \$6,080,974 to \$6,989,951, an increase of \$908,977 or 14.9%.

The unrestricted net position balance is \$2,241,534 at September 30, 2014. This represents an increase of \$222,111, or 11.0% from the previous year. Unrestricted net position represents the amount of available funds for future appropriations.

Operating revenues decreased from \$12,839,116 to \$12,762,871, a decrease of \$76,245 or 0.6% primarily due to the decrease in the Section 8 Voucher funding.

Operating expenses decreased by \$1,611,005 to \$11,806,942 for the current year. The decrease was primarily due to a decrease in housing assistance payments.

Using this Annual Report

This annual report consists of basic financial statements and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended September 30, 2014. The basic statements provide readers with a broad overview of the Authority's finances. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

1. The Statement of Net Position provides information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving.
2. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
3. The Statement of Cash Flows presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

The Authority's housing programs include the Housing Choice Voucher Program, Management Program, and DHAP. The Housing Choice Voucher Program provides rental assistance to aid low income families to afford decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The DHAP program ended, however, the Authority still holds funds totaling \$81,827 related to that program that are currently restricted. The Authority currently has 1,526 baseline units available. Funds are provided by HUD to provide rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis. The Authority administers a management fund designed to perform asset management responsibilities for additional properties. Payment for the Authority's administrative office and other rental properties support the Management Program.

The Authority organized the Denton Public Facility Corporation (DPFC) in December 2012 to receive and operate a twenty-four unit low-income housing facility. The Authority owned a portion of the general partner of Denton Senior Housing Development, L.P. which held the facility. After the fifteen-year compliance period related to tax credits expired, the limited partner transferred the entire interest in the facility to DPFC. The Authority must operate the facility under the supervision of the Texas Department of Housing and Community Affairs for an additional fifteen years.

Renaissance Courts is a multi-family project that received a tax credits award from Texas Department of Housing and Community Affairs for the development of a 150 unit town-home style, affordable housing project. The development provides for mixed income and market rate rents. The Authority formed Renaissance Courts Public Facility Corporation to serve as the general partner of Renaissance Courts, L.P. a limited partnership to fund and operate the project. Funding comes from the limited partners purchasing the tax credits and a HUD insured 221 (d)4 mortgage. Operation of Renaissance Courts is managed by an outside management group and funded from rental revenues. The Authority received a developer fee this fiscal year and is still to receive additional deferred developer fees in the future, based on the project's cash flow.

Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the years ended September 30, 2014 and September 30, 2013.

Statement of Net Position

<u>Category</u>	<u>FYE 2014</u>	<u>FYE 2013</u>	<u>Change</u> <u>%</u>
Current Assets – Unrestricted	\$ 2,150,768	\$ 2,189,446	-1.8%
Current Assets - Restricted	1,035,522	285,700	262.5%
Capital Assets (Net of Depreciation)	3,590,058	3,605,828	-.4%
Other Non-Current Assets	213,603	-	100.0%
Total Assets	6,989,951	6,080,974	14.9%
Current Liabilities	122,837	170,023	-27.8%
Non-Current Liabilities	-	-	0.0%
Total Liabilities	122,837	170,023	-27.8%
Unrestricted	2,241,534	2,019,423	11.0%
Net Investment in Capital Assets	3,590,058	3,605,828	-.4%
Restricted	1,035,522	285,700	262.5%
Total Net Position	\$ 6,867,114	\$ 5,910,951	16.2%

Assets

The decrease in current assets-unrestricted was due to a decrease in cash as a result of lower administrative fee income. The increase in current assets-restricted, is due the Authority receiving more funds from HUD than it expended for tenant rents. The decrease in capital assets was due to depreciation expense being greater than the total of new capital expenditures. Other non-current assets is a receivable from a related housing development. The Authority advanced funds to refinance existing debt on the development.

Liabilities

Current liabilities decreased primarily due to a decrease in accounts payable and a payable due to HUD.

Net Position

The Authority's unrestricted net position increased slightly due to the receipt of insurance proceeds in the current year where the expenditures will not take place until the next fiscal year. The net investment in capital assets decreased slightly due to depreciation expense exceeding new capital outlays. Restricted net position increased due to a decrease in housing assistance payments.

Statement of Revenues & Expenses

Category	FYE 2014	FYE 2013	Change %
HUD Operating Grants	\$ 11,082,544	\$ 11,659,994	-5.0%
Tenant Revenue	687,096	617,063	11.3%
Interest Income	2,263	2,746	-17.6%
Other Revenue	993,231	562,059	76.7%
Total Revenue	12,765,134	12,841,862	-0.6%
Administration	1,178,336	1,331,923	-11.5%
Tenant Services	5,661	3,644	55.4%
Utilities	100,673	89,484	12.5%
Ordinary Maintenance	372,318	281,619	32.2%
General Expense	61,404	57,490	6.8%
Depreciation	221,126	195,914	12.9%
Housing Assistance Payments	9,867,424	11,529,873	-14.4%
Loss on disposition of asset	2,029	-	100.0%
Total Expenses	\$ 11,808,971	\$ 13,489,947	-12.5%

Results of Operations

Revenues

Operating revenues of the Authority are generated principally from dwelling rents, Section 8 Administrative fees, HUD grants, and rental assistance payments. The Authority's revenues decreased by \$76,728. The primary reason for the decrease in revenue was a decrease in Section 8 voucher funding, partially offset by an increase in tenant revenue, insurance proceeds and other income. Tenant revenue increased due to the inclusion of the property acquired from the Denton Senior Housing Development, L.P. for a full twelve months. Interest income decreased due to decreasing interest rates paid by banks. The increase in other revenue is due to increased payments received from other housing authorities with clients living in the Authority's boundaries.

Expenses

Total expenses decreased by \$1,608,976 over the prior year. Administrative expenses decreased due to broad cost cutting across several areas including salaries, legal, postage and others. Utilities increased as North Texas had a warmer summer than the previous year. Ordinary maintenance increased due to additional maintenance issues with Heritage Oaks. The increase in general expense was due to increase in miscellaneous expenses. The increase in depreciation expense was due to the property acquired from the Denton Senior Housing Development, L.P. Housing assistance payments decreased as the Authority changed its payment standard and did not fill some vacancies due to the federal government budget tightening.

Capital Assets

As of September 30, 2014, the Authority's investment in capital assets was \$ 3,590,058. This investment includes land, building, building improvements, office equipment, and maintenance equipment. The decrease in capital assets is the result of depreciation expense exceeding current year capital outlays.

<u>Category</u>	<u>FYE 2014</u>	<u>FYE 2013</u>	<u>Change</u> <u>%</u>
Land	\$ 1,203,916	\$ 1,203,916	0.0%
Buildings and improvements	7,694,337	7,504,223	2.5%
Equipment	329,863	332,225	-0.7%
Accumulated Depreciation	(5,638,058)	(5,434,536)	3.7%
Total Net Fixed Assets	\$ 3,590,058	\$ 3,605,828	-0.4%

Future Economic Factors

The Authority will continue to use excess HAP funds to cover funding shortfalls from HUD. The Authority will continue to receive developer fee revenues from Renaissance Courts and income from commercial buildings. The Authority received more than \$290,000 in insurance proceeds in the current fiscal year. These funds will be expended in the upcoming year to repair damages caused by storms.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, contact the Executive Director at Denton Housing Authority, 1225 Wilson Street, Denton, TX 76205.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF NET POSITION - PROPRIETARY FUND TYPE SEPTEMBER 30, 2014 AND 2013

ASSETS

	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 1,720,687	\$ 1,799,442
Cash and cash equivalents - restricted	1,035,522	285,700
Accounts receivable - net	6,133	7,598
Accounts receivable - HUD	24,007	-
Investments	379,450	378,548
Prepaid expenses	20,491	3,858
Total Current Assets	3,186,290	2,475,146
Non-Current Assets:		
Due from related party - net	213,603	-
Capital assets		
Land	1,203,916	1,203,916
Building and improvements	7,694,337	7,504,223
Furniture and equipment	329,863	332,225
Accumulated depreciation	(5,638,058)	(5,434,536)
Total Non-Current Assets	3,803,661	3,605,828
Total Assets	6,989,951	6,080,974

LIABILITIES

Current Liabilities:		
Accounts payable	27,763	48,755
Accounts payable - HUD	-	31,434
Accrued salaries payable	73,024	71,234
Security deposits payable	22,050	18,600
Total Current Liabilities	122,837	170,023

NET POSITION

Net investment in capital assets	3,590,058	3,605,828
Restricted	1,035,522	285,700
Unrestricted	2,241,534	2,019,423
Total Net Position	\$ 6,867,114	\$ 5,910,951

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND TYPE FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Operating Revenue:		
Tenant revenue	\$ 687,096	\$ 617,063
Federal housing grants	11,082,544	11,659,994
Management income and other operating revenue	993,231	562,059
Total Operating Revenues	12,762,871	12,839,116
Operating Expenses:		
Administration	1,178,336	1,331,923
Housing assistance payments	9,867,424	11,529,873
Tenant services	5,661	3,644
Utilities	100,673	89,484
Maintenance	372,318	281,619
Insurance	26,346	23,080
General expenses	3,462	1,028
Bad debt expense	31,596	33,382
Depreciation	221,126	195,914
Total Operating Expenses	11,806,942	13,489,947
Operating Income (Loss)	955,929	(650,831)
Non-Operating Revenues (Expenses)		
Interest income	2,263	2,746
Gain/(loss) on disposition of asset	(2,029)	-
Total Non-Operating Revenues (Expenses)	234	2,746
Special Item - net	-	808,720
Change in net position	956,163	160,635
Net Position, Beginning of Year	5,910,951	5,750,316
Net Position, End of Year	\$ 6,867,114	\$ 5,910,951

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Cash received from HUD	\$ 11,027,103	\$ 11,693,863
Cash received from tenants and other housing authorities	1,217,797	1,049,031
Cash received from other sources	435,848	98,216
Cash payments for rent and utility assistance	(9,867,424)	(11,529,873)
Cash payments for administrative and operating expenses	<u>(1,722,630)</u>	<u>(1,693,780)</u>
Net cash provided (used) by operating activities	1,090,694	(382,543)
Cash Flows From Investing Activities		
Interest on investments	2,263	2,746
Cash from special item	-	53,429
Acquisition of capital assets	(207,385)	(83,618)
Sale (Purchase) of investments	<u>(902)</u>	<u>(1,526)</u>
Net cash provided (used) by investing activities	(206,024)	(28,969)
Cash Flows From Capital and Related Financing Activities		
Cash advanced to related party	(213,603)	-
Net cash provided (used) by capital and related financing activities	<u>(213,603)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>671,067</u>	<u>(411,512)</u>
Cash and Cash Equivalents, Beginning of Year	2,085,142	2,496,654
Cash and Cash Equivalents, End of Year (includes restricted cash of \$1,035,522 and \$285,700 at September 30, 2014 and 2013, respectively)	<u>\$ 2,756,209</u>	<u>\$ 2,085,142</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE (CONTINUED) FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Net Operating Income to Cash Provided by Operating Activities:		
Net operating income (loss)	\$ 955,929	\$ (650,831)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	221,126	195,914
Decrease (increase) in accounts receivable-net	1,465	9,748
Decrease (increase) in accounts receivable-HUD	(24,007)	2,435
Decrease (increase) in prepaid expenses	(16,633)	17,189
Increase (decrease) in accounts payable	(20,992)	5,293
Increase (decrease) in accounts payable - HUD	(31,434)	31,434
Increase (decrease) in accrued salaries payable	1,790	8,564
Increase (decrease) in security deposits payable	3,450	(908)
Net Cash Provided by Operating Activities	\$ <u>1,090,694</u>	\$ <u>(381,162)</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Housing Authority of the City of Denton, Texas (the "Authority") is a governmental entity with the purpose of providing low income families with reasonable assistance for housing, giving consideration and care for their well-being, and promoting family self-sufficiency to all families without discrimination. The Authority primarily serves the residents of Denton County, Texas. The Authority's primary funding source is the U.S. Department of Housing and Urban Development under the Section 8 Rental Voucher Program.

Basis of Presentation

The activities of the Authority are similar to those of proprietary funds of local cities and therefore are reported as an enterprise fund in accordance with governmental accounting and financial reporting principles issued by the Governmental Accounting Standards Board (GASB). Accordingly, transactions are accounted for using the accrual basis of accounting. Under Alternative 1 of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply all standards issued on or before November 30, 1989, by the Financial Accounting Standards Board (FASB), in addition to all GASB standards.

Capital Assets and Depreciation

The Authority records capital assets at cost and provides for depreciation using the straight-line method over the respective estimated useful lives. Furniture and equipment are depreciated over five years. Buildings and improvements are depreciated over thirty to forty years. The cost of normal maintenance and repairs is charged to operating expenses as incurred.

Income Taxes

The Authority is not subject to income taxes.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Cash and cash equivalents – restricted represents excess HAP and DHAP funds. See Restricted Net Position.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position

The Authority receives payments from the U.S. Department of Housing and Urban Development ("HUD") in monthly installments as determined at the beginning of the year based on anticipated needs. At the end of the year, HUD determines how much of the advanced funds were earned by the Authority. Differences in the amounts advanced and the amount earned create excess HAP funds. The Authority must calculate the excess HAP funds, but keeps the excess funds to use towards any funding shortages in future periods. The funds may only be used in connection with the rental voucher program. The Authority calculated the excess funding of \$1,035,522 and \$285,700 as of September 30, 2014 and 2013, respectively, which it shows as restricted net position in the statement of net position and as cash and cash equivalents – restricted.

The balances of the restricted net position accounts for voucher programs are as follows:

	2014	2013
Excess HAP – Section 8 Voucher	\$ 953,695	\$ 203,873
Excess HAP – DHAP	81,827	81,827
Total restricted assets – voucher programs	\$ 1,035,522	\$ 285,700

See also Note 3.

Compensated Absences

Regular, full-time employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. Compensated absences, which have been earned but not paid, have been accrued in the accompanying basic financial statements. For all compensated absences, the liability is valued using pay rates in effect at the end of the Authority's fiscal year.

Prepaid Expenses

Payments made to vendors for services that will benefit future fiscal periods are recorded as prepaid expenses.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Authority values cash, cash equivalents, investments, receivables and current liabilities at their carrying amounts reported in the financial statements due to the short maturities of those instruments.

Date of Management's Review

Management has evaluated subsequent events through June 29, 2015, the date on which the financial statements were available to be issued.

NOTE 2 – REPORTING ENTITY

The Authority, for financial purposes, includes all of the accounts relevant to the operations of the Authority. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Authority. The Authority is governed by a five member Board of Commissioners, who are appointed by the City of Denton, Texas City Council.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At September 30, 2014, the carrying amount of the Authority's deposits was \$2,756,209 and the bank balance was \$2,765,115. The bank deposits were held with financial institutions and are required to be insured or collateralized with securities held by banks in their trust departments, not in the Authority's name. At September 30, 2014, all of the Authority's deposits were covered by FDIC insurance or pledged securities. At September 30, 2013, the carrying amount of the Authority's deposits was \$2,085,142 and the bank balance was \$2,115,981. The bank deposits were held with financial institutions and are required to be insured or collateralized with securities held by banks in their trust departments, not in the Authority's name. At September 30, 2013, all of the Authority's deposits were covered by FDIC insurance or pledged securities.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and cash equivalents consist of the following at September 30:

		<u>2014</u>		<u>2013</u>
Cash and cash equivalents – unrestricted	\$	1,720,687	\$	1,799,442
Cash and cash equivalents - restricted		<u>1,035,522</u>		<u>285,700</u>
Total cash and cash equivalents	\$	<u>2,756,209</u>	\$	<u>2,085,142</u>

Investments

The Authority's investments consist of bank certificates of deposit. The certificates of deposit total \$379,450 and \$378,548 at September 30, 2014 and 2013, respectively. The certificates of deposit are insured up to \$250,000 per financial institution.

Custodial Credit Risk

Custodial credit risk, for deposits and investments that are certificates of deposits, is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. As of September 30, 2014 and 2013, the Authority's deposits were either collateralized or covered by FDIC insurance. For sixteen days during the fiscal year ended September 30, 2014 deposits exceeded FDIC insurance and pledged collateral. The largest amount exceeding FDIC insurance and pledged collateral was \$799,682. For fourteen days during the fiscal year ended September 30, 2013 deposits exceeded FDIC insurance and pledged collateral. The largest amount exceeding FDIC insurance and pledged collateral was \$801,200.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. The Authority's investments were in certificates of deposits with maturities no longer than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The Authority's deposits and investments exceeded FDIC insurance and pledged securities coverage sixteen and fourteen days during the years ended September 30, 2014 and 2013, respectively.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's deposits and investments exceeded FDIC insurance and pledged securities coverage sixteen and fourteen days during the years ended September 30, 2014 and 2013, respectively.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

NOTE 4 – Capital Asset Activity

Capital asset activity for the Authority for the year ended September 30, 2014, was as follows:

	Balance Oct. 1	Additions	Retirement/ Adjustment	Balance Sept. 30
Capital assets not being depreciated:				
Land	\$ 1,203,916	\$ -	\$ -	\$ 1,203,916
Total assets not being depreciated	1,203,916	-	-	1,203,916
Capital assets being depreciated:				
Buildings and improvements	7,504,223	194,795	(4,681)	7,694,337
Furniture and equipment	332,225	12,590	(14,952)	329,863
Total capital assets being depreciated	7,836,448	207,385	(19,633)	8,024,200
Less accumulated depreciation for:				
Buildings and improvements	(5,212,482)	(181,233)	(2,652)	(5,391,063)
Furniture and equipment	(222,054)	(39,893)	(14,952)	(246,995)
Total accumulated depreciation	(5,434,536)	(221,126)	(17,604)	(5,638,058)
Total capital assets being depreciated, net	2,401,912	(13,741)	(2,029)	2,386,142
Total capital assets, net	\$ 3,605,828	\$ (13,741)	\$ (2,029)	\$ 3,590,058

NOTE 5 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Authority manages its risk of these types of losses through the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year, nor have there been settlements in excess of insurance coverage for any of the past three fiscal years.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

NOTE 6 – EMPLOYEE RETIREMENT PLAN

The Authority maintains an employee retirement plan for all full-time employees after 90 days of employment. The plan is a defined contribution plan. The Authority contributes 7% of eligible employees' compensation, and employees may make voluntary contributions of up to 10% of their compensation. For the year ended September 30, 2014 and 2013, the authority recorded \$43,670 and \$52,803, respectively, as retirement contribution expense.

NOTE 7 – RELATED PARTY TRANSACTIONS

In October of 2004, the Authority formed Renaissance Courts Public Facility Corporation, a not-for-profit entity, to become a general partner in Renaissance Courts, L.P. The Authority transferred low-income housing credits obtained from the Texas Department of Housing and Community Affairs to Renaissance Courts Public Facility Corporation, who in turn, transferred them to Renaissance Courts, L.P. Renaissance Courts, L.P. is a partnership formed to build and operate a 150 unit housing project in Denton, Texas. An outside management group manages the housing project which opened in the summer of 2006. In the event Renaissance Courts Public Facility Corporation is dissolved, any remaining assets, after all of the obligations of the corporation are paid, will be transferred to the Authority. The Authority's directors are also the directors of the Renaissance Courts Public Facility Corporation. In 2014, the Authority advanced funds to the project to facilitate refinancing debt on the project. The advance is shown as due from related party on the statement of net position.

NOTE 8 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2014 and 2013 consists of the following:

	2014	2013
Tenant receivables	\$ 2	\$ 2,367
Receivables due from other Housing Authorities	9,742	2,111
Receivables due from tenants from fraudulent activity	20,459	6,348
Less allowance for doubtful accounts	(24,070)	(3,228)
Total	\$ 6,133	\$ 7,598

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

Note 9 – Inter-program Receivables and Payables

Inter-program balances at September 30, 2014 and 2013 consisted of the following individual program receivables and payables:

<u>Program</u>	<u>2014</u>		<u>2013</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
Housing Choice Voucher Program:				
Business Activities	\$ -	\$ 4,630	\$ -	\$ 91,628
New Construction Program	-	117	18,032	-
Senior Housing Program:				
Business Activities	-	82,764	-	94,149
New Construction Program:				
Housing Choice Voucher Program	117	-	-	18,032
Business Activities:				
Housing Choice Voucher Program	4,630	-	91,628	-
Senior Housing Program	82,764	-	94,149	-
Total	\$ 87,511	\$ 87,511	\$ 203,809	\$ 203,809

These accounts were eliminated in the preparation of the general-purpose financial statements.

Note 10 – Special Item

The Authority was a majority owner in Denton Housing Partners', Inc. the general partner to the Denton Senior Housing Development, L.P. which owned and operated a twenty-four (24) unit low income housing facility for tenants meeting certain income qualifications and are at least sixty-three (63) years of age.

Effective December 20, 2012, the limited partner transferred and assigned 100% of its limited partner interest in the partnership to Denton Public Facility Corporation (DPFC). DPFC agreed to accept the transfer and assignment and to release the limited partner from certain of its obligations. DPFC is a public facility corporation and instrumentality of the Housing Authority of the City of Denton, Texas.

The Authority now accounts for the assets and liabilities in DPFC as its own as a separate program.

FEDERAL AWARDS SECTION

INDEPENDENT AUDITORS' 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

Board of Commissioners
Housing Authority of the City of Denton, Texas
Denton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Denton, Texas (the "Authority") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

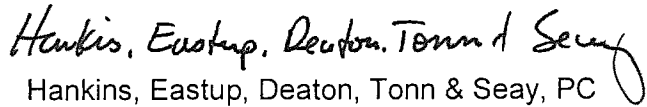
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 29, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Denton, Texas
Denton, Texas

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the City of Denton, Texas' 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 Housing Authority of the City of Denton, Texas' major federal programs for the year ended September 30, 2014. Housing Authority of the City of Denton, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the City of Denton, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Housing Authority of the City of Denton, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the City of Denton, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

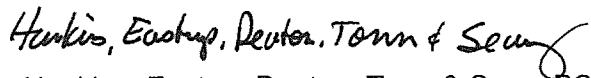
Report on Internal Control Over Compliance

Management of Housing Authority of the City of Denton, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the City of Denton, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Housing Authority of the City of Denton, Texas' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 29, 2015

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2014

1. Summary of Auditors' Results

- a. Type of auditors' report issued on the financial statements: Unmodified.
- b. Financial statements – internal control over financial reporting:
Material weakness(es) identified: No
Significant deficiencies identified that are not considered to be material weakness: No
- c. Noncompliance which is material to the financial statements: None
- d. Federal Awards – internal control over major programs:
Material weakness(es) identified: No
Significant deficiencies identified that are not considered to be material weakness: No
- e. Type of auditors' report issued on compliance for major federal award programs: Unmodified.
- f. Did the audit disclose findings which are required to be reported under Section .510(a)2-7 of OMB Circular A-133: No
- g. Major programs include: Section 8 – Rental Voucher Program, CFDA number 14.871
- h. Dollar threshold used for distinguishing between Type A and Type B programs: \$332,476.
- i. Low risk auditee: No

2. Findings Related to the Financials Statements

None

3. Other Findings

None

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

CORRECTIVE ACTION PLAN

N/A

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

FINDING/NONCOMPLIANCE

N/A

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Section 8 – Rental Voucher Program	14.871	\$ <u>11,082,544</u>
Total U.S. Department of Housing and Urban Development		<u>11,082,544</u>
Total Expenditures of Federal Awards		\$ <u><u>11,082,544</u></u>

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Denton, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
111 Cash - Unrestricted	\$204,463	\$1,252,491		\$241,683	\$1,698,637
112 Cash - Restricted - Modernization and Development	\$0				\$0
113 Cash - Other Restricted	\$953,695		\$81,827		\$1,035,522
114 Cash - Tenant Security Deposits	\$0	\$22,050			\$22,050
115 Cash - Restricted for Payment of Current Liabilities	\$0				\$0
100 Total Cash	\$1,158,158	\$1,274,541	\$81,827	\$241,683	\$2,756,209
121 Accounts Receivable - PHA Projects	\$9,742				\$9,742
122 Accounts Receivable - HUD Other Projects	\$24,007				\$24,007
124 Accounts Receivable - Other Government	\$0				\$0
125 Accounts Receivable - Miscellaneous	\$0			\$213,603	\$213,603
126 Accounts Receivable - Tenants	\$0	\$2			\$2
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0			\$0
126.2 Allowance for Doubtful Accounts - Other	-\$7,794			\$0	-\$7,794
127 Notes, Loans, & Mortgages Receivable - Current	\$0				\$0
128 Fraud Recovery	\$20,459				\$20,459
128.1 Allowance for Doubtful Accounts - Fraud	-\$16,276				-\$16,276
129 Accrued Interest Receivable	\$888			\$566	\$1,454
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$31,026	\$2	\$0	\$214,169	\$245,197
131 Investments - Unrestricted	\$78,493				\$379,450
132 Investments - Restricted	\$0			\$300,957	\$0
135 Investments - Restricted for Payment of Current Liability	\$0				\$0
142 Prepaid Expenses and Other Assets	\$17,222				\$17,222
143 Inventories	\$0	\$1,725		\$292	\$2,017

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
143.1 Allowance for Obsolete Inventories	\$0	-\$173		-\$29	-\$202
144 Inter Program Due From	\$6,129	\$117		\$87,394	\$93,640
145 Assets Held for Sale	\$0				\$0
150 Total Current Assets	\$1,291,028	\$1,276,212	\$81,827	\$844,466	\$3,493,533
161 Land	\$0	\$493,011		\$710,905	\$1,203,916
162 Buildings	\$205,956	\$5,702,908		\$1,785,473	\$7,694,337
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$51,462			\$51,462
164 Furniture, Equipment & Machinery - Administration	\$198,328	\$48,500		\$31,573	\$278,401
165 Leasehold Improvements	\$0				\$0
166 Accumulated Depreciation	-\$266,533	-\$4,614,704		-\$756,821	-\$5,638,058
167 Construction in Progress	\$0				\$0
168 Infrastructure	\$0				\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$137,751	\$1,681,177	\$0	\$1,771,130	\$3,590,058
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0				\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	\$0				\$0
173 Grants Receivable - Non Current	\$0				\$0
174 Other Assets	\$0				\$0
176 Investments in Joint Ventures	\$0				\$0
180 Total Non-Current Assets	\$137,751	\$1,681,177	\$0	\$1,771,130	\$3,590,058
200 Deferred Outflow of Resources	\$0				\$0
290 Total Assets and Deferred Outflow of Resources	\$1,428,779	\$2,957,389	\$81,827	\$2,615,596	\$7,083,591

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
311 Bank Overdraft	\$0				\$0
312 Accounts Payable <= 90 Days	\$10,803	\$6,547		\$1,887	\$19,237
313 Accounts Payable >90 Days Past Due	\$0				\$0
321 Accrued Wage/Payroll Taxes Payable	\$14,639	\$5,928		\$1,982	\$22,549
322 Accrued Compensated Absences - Current Portion	\$38,164	\$9,492		\$2,819	\$50,475
324 Accrued Contingency Liability	\$0				\$0
325 Accrued Interest Payable	\$0				\$0
331 Accounts Payable - HUD PHA Programs	\$0				\$0
332 Account Payable - PHA Projects	\$0				\$0
333 Accounts Payable - Other Government	\$0				\$0
341 Tenant Security Deposits	\$0	\$22,050			\$22,050
342 Unearned Revenue	\$0	\$3,790			\$3,790
343 Current Portion of Long-term Debt - Capital	\$0				\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0				\$0
345 Other Current Liabilities	\$0				\$0
346 Accrued Liabilities - Other	\$0	\$1,563		\$3,173	\$4,736
347 Inter Program - Due To	\$4,630	\$89,010			\$93,640
348 Loan Liability - Current	\$0				\$0
310 Total Current Liabilities	\$68,236	\$138,380	\$0	\$9,861	\$216,477
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$0				\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0				\$0
353 Non-current Liabilities - Other	\$0				\$0
354 Accrued Compensated Absences - Non Current	\$0				\$0
355 Loan Liability - Non Current	\$0				\$0
356 FASB 5 Liabilities	\$0				\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
357 Accrued Pension and OPEB Liabilities	\$0				\$0
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0
300 Total Liabilities	\$68,236	\$138,380	\$0	\$9,861	\$216,477
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$137,751	\$1,681,177		\$1,771,130	\$3,590,058
511.4 Restricted Net Position	\$953,695		\$81,827		\$1,035,522
512.4 Unrestricted Net Position	\$269,097	\$1,137,832	\$0	\$834,605	\$2,241,534
513 Total Equity - Net Assets / Position	\$1,360,543	\$2,819,009	\$81,827	\$2,605,735	\$6,867,114
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$1,428,779	\$2,957,389	\$81,827	\$2,615,596	\$7,083,591

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
111 Cash - Unrestricted	\$0	\$1,698,637
112 Cash - Restricted - Modernization and Development	\$0	\$0
113 Cash - Other Restricted	\$0	\$1,035,522
114 Cash - Tenant Security Deposits	\$0	\$22,050
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0
100 Total Cash	\$0	\$2,756,209
121 Accounts Receivable - PHA Projects	\$0	\$9,742
122 Accounts Receivable - HUD Other Projects	\$0	\$24,007
124 Accounts Receivable - Other Government	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$213,603
126 Accounts Receivable - Tenants	\$0	\$2
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$7,794
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0
128 Fraud Recovery	\$0	\$20,459
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$16,276
129 Accrued Interest Receivable	\$0	\$1,454
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$245,197
131 Investments - Unrestricted	\$0	\$379,450
132 Investments - Restricted	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0
142 Prepaid Expenses and Other Assets	\$0	\$17,222
143 Inventories	\$0	\$2,017
143.1 Allowance for Obsolete Inventories	\$0	-\$202

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
144 Inter Program Due From		
145 Assets Held for Sale	-\$93,640	\$0
150 Total Current Assets	\$0	\$0
	-\$93,640	\$3,399,893
161 Land		
162 Buildings	\$0	\$1,203,916
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$7,694,337
164 Furniture, Equipment & Machinery - Administration	\$0	\$51,462
165 Leasehold Improvements	\$0	\$278,401
166 Accumulated Depreciation	\$0	\$0
167 Construction in Progress	\$0	-\$5,638,058
168 Infrastructure	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$3,590,058
171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0
174 Other Assets	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0
180 Total Non-Current Assets	\$0	\$3,590,058
200 Deferred Outflow of Resources		
	\$0	\$0
290 Total Assets and Deferred Outflow of Resources		
	-\$93,640	\$6,989,951
311 Bank Overdraft	\$0	\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
312 Accounts Payable <= 90 Days	\$0	\$19,237
313 Accounts Payable >90 Days Past Due	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$0	\$22,549
322 Accrued Compensated Absences - Current Portion	\$0	\$50,475
324 Accrued Contingency Liability	\$0	\$0
325 Accrued Interest Payable	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$0
341 Tenant Security Deposits	\$0	\$22,050
342 Unearned Revenue	\$0	\$3,790
343 Current Portion of Long-term Debt - Capital	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0
345 Other Current Liabilities	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$4,736
347 Inter Program - Due To	-\$93,640	\$0
348 Loan Liability - Current	\$0	\$0
310 Total Current Liabilities	-\$93,640	\$122,837
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$0	\$0
355 Loan Liability - Non Current	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0

Denton Housing Authority (TX392)
Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
350 Total Non-Current Liabilities	\$0	\$0
300 Total Liabilities	-\$93,640	\$122,837
400 Deferred Inflow of Resources		
508.4 Net Investment in Capital Assets		\$3,590,058
511.4 Restricted Net Position		\$1,035,522
512.4 Unrestricted Net Position		\$2,241,534
513 Total Equity - Net Assets / Position	\$0	\$6,867,114
600 Total Liabilities, Deferred Inflows of Resources and Equity -	-\$93,640	\$6,989,951

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
70300 Net Tenant Rental Revenue	\$0	\$687,096			\$687,096
70400 Tenant Revenue - Other	\$0	\$1,668			\$1,668
70500 Total Tenant Revenue	\$0	\$688,764	\$0	\$0	\$688,764
70600 HUD PHA Operating Grants	\$11,082,544				\$11,082,544
70610 Capital Grants	\$0				\$0
70710 Management Fee					\$0
70720 Asset Management Fee					\$0
70730 Book Keeping Fee					\$0
70740 Front Line Service Fee					\$0
70750 Other Fees					\$0
70700 Total Fee Revenue					\$0
70800 Other Government Grants	\$0				\$0
71100 Investment Income - Unrestricted	\$731	\$555		\$976	\$2,262
71200 Mortgage Interest Income	\$0				\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0				\$0
71310 Cost of Sale of Assets	\$0				\$0
71400 Fraud Recovery	\$31,504				\$31,504
71500 Other Revenue	\$561,005	\$286,290		\$184,765	\$1,032,060
71600 Gain or Loss on Sale of Capital Assets	\$0	-\$2,029			-\$2,029
72000 Investment Income - Restricted	\$0				\$0
70000 Total Revenue	\$11,675,784	\$973,580	\$0	\$185,741	\$12,835,105
91100 Administrative Salaries	\$523,198	\$105,709		\$29,830	\$658,737

Denton Housing Authority (TX392)
Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
91200 Auditing Fees	\$9,450	\$5,400		\$3,150	\$18,000
91300 Management Fee	\$0	\$45,220			\$45,220
91310 Book-keeping Fee	\$0				\$0
91400 Advertising and Marketing	\$274	\$24		\$1,035	\$1,333
91500 Employee Benefit contributions - Administrative	\$164,806	\$27,731		\$8,510	\$201,047
91600 Office Expenses	\$142,821	\$23,460		\$10,613	\$176,894
91700 Legal Expense	\$262	\$1,540		\$5,306	\$7,108
91800 Travel	\$3,379	\$276		\$8,833	\$12,488
91810 Allocated Overhead	\$0				\$0
91900 Other	\$48,586	\$10,331		\$8,177	\$67,094
91000 Total Operating - Administrative	\$892,776	\$219,691	\$0	\$75,454	\$1,187,921
92000 Asset Management Fee	\$0				\$0
92100 Tenant Services - Salaries	\$0				\$0
92200 Relocation Costs	\$0				\$0
92300 Employee Benefit Contributions - Tenant Services	\$0				\$0
92400 Tenant Services - Other	\$0	\$5,661			\$5,661
92500 Total Tenant Services	\$0	\$5,661	\$0	\$0	\$5,661
93100 Water	\$0	\$14,064		\$6,836	\$20,900
93200 Electricity	\$0	\$28,363		\$18,145	\$46,508
93300 Gas	\$0	\$10,036			\$10,036
93400 Fuel	\$0				\$0
93500 Labor	\$0				\$0
93600 Sewer	\$0	\$21,295		\$1,934	\$23,229
93700 Employee Benefit Contributions - Utilities	\$0				\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
93800 Other Utilities Expense	\$0				\$0
93000 Total Utilities	\$0	\$73,758	\$0	\$26,915	\$100,673
94100 Ordinary Maintenance and Operations - Labor	\$0	\$69,560		\$13,604	\$83,164
94200 Ordinary Maintenance and Operations - Materials and	\$3,757	\$71,275		\$5,398	\$80,430
94300 Ordinary Maintenance and Operations Contracts	\$3,014	\$135,700		\$36,738	\$175,452
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$24,958		\$4,470	\$29,428
94000 Total Maintenance	\$6,771	\$301,493	\$0	\$60,210	\$368,474
95100 Protective Services - Labor	\$0				\$0
95200 Protective Services - Other Contract Costs	\$0	\$1,688		\$2,155	\$3,843
95300 Protective Services - Other	\$0				\$0
95500 Employee Benefit Contributions - Protective Services	\$0				\$0
95000 Total Protective Services	\$0	\$1,688	\$0	\$2,155	\$3,843
96110 Property Insurance	\$3,297	\$6,594		\$3,297	\$13,188
96120 Liability Insurance	\$218	\$436		\$218	\$872
96130 Workmen's Compensation	\$1,854	\$3,708		\$1,854	\$7,416
96140 All Other Insurance	\$1,217	\$2,436		\$1,217	\$4,870
96100 Total Insurance Premiums	\$6,586	\$13,174	\$0	\$6,586	\$26,346
96200 Other General Expenses	\$2,683			\$779	\$3,462
96210 Compensated Absences	\$44,515	\$13,658		\$4,244	\$62,417
96300 Payments in Lieu of Taxes	\$0				\$0
96400 Bad debt - Tenant Rents	\$0	\$1,330			\$1,330
96500 Bad debt - Mortgages	\$0				\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
96600 Bad debt - Other	\$30,266				\$30,266
96800 Severance Expense	\$0				\$0
96000 Total Other General Expenses	\$77,464	\$14,988	\$0	\$5,023	\$97,475
96710 Interest of Mortgage (or Bonds) Payable	\$0				\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0				\$0
96730 Amortization of Bond Issue Costs	\$0				\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$983,597	\$630,453	\$0	\$176,343	\$1,790,393
97000 Excess of Operating Revenue over Operating Expenses	\$10,692,187	\$343,127	\$0	\$9,398	\$11,044,712
97100 Extraordinary Maintenance	\$0				\$0
97200 Casualty Losses - Non-capitalized	\$0				\$0
97300 Housing Assistance Payments	\$9,398,263				\$9,398,263
97350 HAP Portability-In	\$469,161				\$469,161
97400 Depreciation Expense	\$28,608	\$124,839		\$67,679	\$221,126
97500 Fraud Losses	\$0				\$0
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense	\$0				\$0
90000 Total Expenses	\$10,879,629	\$755,292	\$0	\$244,022	\$11,878,943
10010 Operating Transfer In	\$0				\$0
10020 Operating transfer Out	\$0				\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
10030 Operating Transfers from/to Primary Government	\$0				\$0
10040 Operating Transfers from/to Component Unit	\$0				\$0
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss	\$0				\$0
10080 Special Items (Net Gain/Loss)	\$0				\$0
10091 Inter Project Excess Cash Transfer In					\$0
10092 Inter Project Excess Cash Transfer Out					\$0
10093 Transfers between Program and Project - In	\$0				\$0
10094 Transfers between Project and Program - Out	\$0				\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$796,155	\$218,288	\$0	-\$58,281	\$956,162
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$564,388	\$0	\$81,828	\$2,664,016	\$3,310,232
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0	\$2,600,721	-\$1		\$2,600,720
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity	\$406,848				\$406,848
11180 Housing Assistance Payments Equity	\$953,695				\$953,695

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
11190 Unit Months Available	18312	1728			20040
11210 Number of Unit Months Leased	16645	1281			17926
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$687,096
70400 Tenant Revenue - Other	\$0	\$1,668
70500 Total Tenant Revenue	\$0	\$688,764
70600 HUD PHA Operating Grants	\$0	\$11,082,544
70610 Capital Grants	\$0	\$0
70710 Management Fee	\$0	\$0
70720 Asset Management Fee	\$0	\$0
70730 Book Keeping Fee	\$0	\$0
70740 Front Line Service Fee	\$0	\$0
70750 Other Fees	\$0	\$0
70700 Total Fee Revenue	\$0	\$0
70800 Other Government Grants	\$0	\$0
71100 Investment Income - Unrestricted	\$0	\$2,262
71200 Mortgage Interest Income	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0
71400 Fraud Recovery	\$0	\$31,504
71500 Other Revenue	-\$72,000	\$960,060
71600 Gain or Loss on Sale of Capital Assets	\$0	-\$2,029
72000 Investment Income - Restricted	\$0	\$0
70000 Total Revenue	-\$72,000	\$12,763,105
91100 Administrative Salaries	\$0	\$658,737
91200 Auditing Fees	\$0	\$18,000

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
91300 Management Fee		\$45,220
91310 Book-keeping Fee	\$0	\$0
91400 Advertising and Marketing	\$0	\$1,333
91500 Employee Benefit contributions - Administrative	\$0	\$201,047
91600 Office Expenses	-\$72,000	\$104,894
91700 Legal Expense	\$0	\$7,108
91800 Travel	\$0	\$12,488
91810 Allocated Overhead	\$0	\$0
91900 Other	\$0	\$67,094
91000 Total Operating - Administrative	-\$72,000	\$1,115,921
92000 Asset Management Fee	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0
92200 Relocation Costs	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0
92400 Tenant Services - Other	\$0	\$5,661
92500 Total Tenant Services	\$0	\$5,661
93100 Water	\$0	\$20,900
93200 Electricity	\$0	\$46,508
93300 Gas	\$0	\$10,036
93400 Fuel	\$0	\$0
93500 Labor	\$0	\$0
93600 Sewer	\$0	\$23,229
93700 Employee Benefit Contributions - Utilities	\$0	\$0
93800 Other Utilities Expense	\$0	\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
93000 Total Utilities	\$0	\$100,673
94100 Ordinary Maintenance and Operations - Labor	\$0	\$83,164
94200 Ordinary Maintenance and Operations - Materials and	\$0	\$80,430
94300 Ordinary Maintenance and Operations Contracts	\$0	\$175,452
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$29,428
94000 Total Maintenance	\$0	\$368,474
95100 Protective Services - Labor	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$3,843
95300 Protective Services - Other	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0
95000 Total Protective Services	\$0	\$3,843
96110 Property Insurance	\$0	\$13,188
96120 Liability Insurance	\$0	\$872
96130 Workmen's Compensation	\$0	\$7,416
96140 All Other Insurance	\$0	\$4,870
96100 Total Insurance Premiums	\$0	\$26,346
96200 Other General Expenses	\$0	\$3,462
96210 Compensated Absences	\$0	\$62,417
96300 Payments in Lieu of Taxes	\$0	\$0
96400 Bad debt - Tenant Rents	\$0	\$1,330
96500 Bad debt - Mortgages	\$0	\$0
96600 Bad debt - Other	\$0	\$30,266

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
96800 Severance Expense	\$0	\$0
96000 Total Other General Expenses	\$0	\$97,475
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0
96900 Total Operating Expenses	-\$72,000	\$1,718,393
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$11,044,712
97100 Extraordinary Maintenance	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0
97300 Housing Assistance Payments	\$0	\$9,398,263
97350 HAP Portability-In	\$0	\$469,161
97400 Depreciation Expense	\$0	\$221,126
97500 Fraud Losses	\$0	\$0
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense	\$0	\$0
90000 Total Expenses	-\$72,000	\$11,806,943
10010 Operating Transfer In	\$0	\$0
10020 Operating transfer Out	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
10040 Operating Transfers from/to Component Unit	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$0	\$956,162
11020 Required Annual Debt Principal Payments		\$0
11030 Beginning Equity	\$0	\$3,310,232
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0	\$2,600,720
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		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity		\$406,848
11180 Housing Assistance Payments Equity		\$953,695
11190 Unit Months Available	0	20040

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2014

	ELIM	Total
11210 Number of Unit Months Leased	0	17926
11270 Excess Cash		
11610 Land Purchases		
11620 Building Purchases		
11630 Furniture & Equipment - Dwelling Purchases		
11640 Furniture & Equipment - Administrative Purchases		
11650 Leasehold Improvements Purchases		
11660 Infrastructure Purchases		
13510 CFFP Debt Service Payments		
13901 Replacement Housing Factor Funds		

HOUSING AUTHORITY
OF THE CITY OF DENTON, TEXAS

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Denton, Texas
Denton, Texas

Report of the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Denton, Texas ("the Authority"), which comprise the statements of net position as of September 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Denton, Texas as of September 30, 2015 and 2014, and the changes in its net position and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

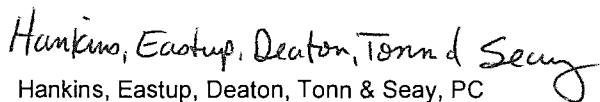
Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Housing Authority of the City of Denton, Texas' basic financial statements. The HUD Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The HUD Financial Data Schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the HUD Financial Data Schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016 on our consideration of Housing Authority of the City of Denton, Texas' internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Denton, Texas' internal control over financial reporting and compliance.


Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 24, 2016

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2015

The following is an analysis of the financial performance of the Housing Authority of the City of Denton, Texas (the "Authority"). It is intended to provide the reader with an overview of the Authority's financial activities for the fiscal year ended September 30, 2015. The information contained in this MD&A should be considered in conjunction with the Authority's basic financial statements.

Financial Highlights

The Authority's total assets decreased from \$6,989,951 to \$6,259,781, a decrease of \$730,170 or 10.4%.

The unrestricted net position balance is \$2,012,275 at September 30, 2015. This represents a decrease of \$229,259, or 10.2% from the previous year. Unrestricted net position represents the amount of available funds for future appropriations.

Operating revenues decreased from \$12,762,871 to \$10,973,856, a decrease of \$1,789,015 or 14.0% primarily due to the decrease in the Section 8 Voucher funding.

Operating expenses increased by \$33,585 to \$11,840,527 for the current year. The increase was primarily due to increased maintenance costs.

Using this Annual Report

This annual report consists of basic financial statements and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended September 30, 2015. The basic statements provide readers with a broad overview of the Authority's finances. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

1. The Statement of Net Position provides information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving.
2. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
3. The Statement of Cash Flows presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

The Authority's housing programs include the Housing Choice Voucher Program, Management Program, and DHAP. The Housing Choice Voucher Program provides rental assistance to aid low income families to afford decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The DHAP program ended, however, the Authority still holds funds totaling \$81,827 related to that program that are currently restricted. The Authority currently has 1,526 baseline units available. Funds are provided by HUD to provide rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis. The Authority administers a management fund designed to perform asset management responsibilities for additional properties. Payment for the Authority's administrative office and other rental properties support the Management Program.

The Authority organized the Denton Public Facility Corporation (DPFC) in December 2012 to receive and operate a twenty-four unit low-income housing facility. The Authority owned a portion of the general partner of Denton Senior Housing Development, L.P. which held the facility. After the fifteen-year compliance period related to tax credits expired, the limited partner transferred the entire interest in the facility to DPFC. The Authority must operate the facility under the supervision of the Texas Department of Housing and Community Affairs for an additional fifteen years.

Renaissance Courts is a multi-family project that received a tax credits award from Texas Department of Housing and Community Affairs for the development of a 150 unit town-home style, affordable housing project. The development provides for mixed income and market rate rents. The Authority formed Renaissance Courts Public Facility Corporation to serve as the general partner of Renaissance Courts, L.P. a limited partnership to fund and operate the project. Funding comes from the limited partners purchasing the tax credits and a HUD insured 221 (d)4 mortgage. Operation of Renaissance Courts is managed by an outside management group and funded from rental revenues. The Authority received a developer fee this fiscal year and is still to receive additional deferred developer fees in the future, based on the project's cash flow.

Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the years ended September 30, 2015 and September 30, 2014.

Statement of Net Position

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change</u> <u>%</u>
Current Assets – Unrestricted	\$ 1,937,382	\$ 2,150,768	-9.9%
Current Assets - Restricted	257,421	1,035,522	-75.1%
Capital Assets (Net of Depreciation)	3,851,376	3,590,058	7.3%
Other Non-Current Assets	213,603	213,603	0.0%
Total Assets	6,259,782	6,989,951	-10.4%
Current Liabilities	109,355	99,895	9.5%
Non-Current Liabilities	29,356	22,942	28.0%
Total Liabilities	138,711	122,837	12.9%
Unrestricted	2,012,275	2,241,534	-10.2%
Net Investment in Capital Assets	3,851,375	3,590,058	7.3%
Restricted	257,421	1,035,522	-75.1%
Total Net Position	\$ 6,121,071	\$ 6,867,114	-10.9%

Assets

The decrease in current assets-unrestricted was due to a decrease in cash as a result of lower administrative fee income. The decrease in current assets-restricted, is due the Authority receiving less funds from HUD than it expended for tenant rents. The increase in capital assets was due to technology purchases and major renovations at Heritage Oaks Apartments. Other non-current assets is a receivable from a related housing development. The Authority advanced funds to refinance existing debt on the development.

Liabilities

Current liabilities increased primarily due to an increase in accounts payable and accrued compensated absences.

Net Position

The Authority's unrestricted net position decreased slightly as the Authority spent unrestricted cash on fixed assets. The net investment in capital assets increased due to major renovations at Heritage Oaks. Restricted net position decreased due to a decrease in housing assistance funding from HUD.

Statement of Revenues & Expenses

Category	FYE 2015	FYE 2014	Change %
HUD Operating Grants	\$ 9,931,026	\$ 11,082,544	-10.4%
Tenant Revenue	770,371	687,096	12.1%
Interest Income	1,703	2,263	-24.7%
Other Revenue	391,384	993,231	-60.6%
Total Revenue	11,094,484	12,765,134	-13.1%
Administration	1,118,295	1,181,798	-5.4%
Tenant Services	5,144	5,661	-9.1%
Utilities	107,162	100,673	6.4%
Ordinary Maintenance	467,062	372,318	25.4%
General Expense	26,181	57,942	-54.8%
Depreciation	239,676	221,126	8.4%
Housing Assistance Payments	9,877,007	9,867,424	0.1%
Loss on disposition of asset	-	2,029	-100.0%
Total Expenses	\$ 11,840,527	\$ 11,808,971	0.3%

Results of Operations

Revenues

Operating revenues of the Authority are generated principally from dwelling rents, Section 8 Administrative fees, HUD grants, and rental assistance payments. The Authority's revenues decreased by \$1,670,650. The primary reason for the decrease in revenue was a decrease in Section 8 voucher funding, decreased payments from other housing authorities and less insurance proceeds from storm damages, partially offset by an increase in tenant revenue. Tenant revenue increased due to an improved lease out percentage at Heritage Oaks. Interest income decreased due to decreasing interest rates paid by banks. The decrease in other revenue is due to decreased payments received from other housing authorities with clients living in the Authority's boundaries and a decrease in insurance payments due to prior year storms.

Expenses

Total expenses increased by \$31,556 over the prior year. Administrative expenses decreased due to broad cost cutting across several areas including salaries, legal, postage and others. Utilities increased as North Texas had a warmer summer than the previous year. Ordinary maintenance increased due to additional maintenance issues with Heritage Oaks. The decrease in general expense was due to a decrease in bad debt. The increase in depreciation expense was due to technology purchases and renovations at Heritage Oaks. Housing assistance payments barely changed as the Authority continued working on keeping their vouchers utilized.

Capital Assets

As of September 30, 2015, the Authority's investment in capital assets was \$ 3,851,375. This investment includes land, building, building improvements, office equipment, and maintenance equipment. The increase in capital assets is the result of technology purchases and renovations at Heritage Oaks.

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change</u> <u>%</u>
Land	\$ 1,203,916	\$ 1,203,916	0.0%
Buildings and improvements	8,167,699	7,694,337	6.2%
Equipment	348,378	329,863	5.6%
Construction in progress	9,116	-	100.0%
Accumulated Depreciation	(5,877,734)	(5,638,058)	4.3%
Total Net Fixed Assets	\$ 3,851,375	\$ 3,590,058	7.3%

Future Economic Factors

The Authority will continue to use excess HAP funds and HUD held reserves to cover funding shortfalls from HUD. The Authority will continue to receive developer fee revenues from Renaissance Courts and income from commercial buildings. The Authority has formed Denton Public Facility Corporation to develop 322 multi-family units of affordable housing using tax credits and tax-exempt bonds. The Authority expects to earn developer and management fees and bond issuance fees from this development. The Authority will work with developers to construct more affordable housing to earn additional developer fee revenues. The Authority also plans to sell vacant land that cannot be used for affordable housing development and use those funds for operational and development purposes.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, contact the Executive Director at Denton Housing Authority, 1225 Wilson Street, Denton, TX 76205.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF NET POSITION - PROPRIETARY FUND TYPE SEPTEMBER 30, 2015 AND 2014

ASSETS

	2015	2014
Current Assets:		
Cash and cash equivalents	\$ 1,465,866	\$ 1,720,687
Cash and cash equivalents - restricted	257,421	1,035,522
Accounts receivable - net	5,809	6,133
Accounts receivable - HUD	66,270	24,007
Investments	380,234	379,450
Prepaid expenses	19,203	20,491
Total Current Assets	2,194,803	3,186,290
Non-Current Assets:		
Due from related party - net	213,603	213,603
Capital assets		
Land	1,203,916	1,203,916
Building and improvements	8,167,700	7,694,337
Furniture and equipment	348,378	329,863
Construction in progress	9,116	-
Accumulated depreciation	(5,877,734)	(5,638,058)
Total Capital assets	3,851,376	3,590,058
Total Non-Current Assets	4,064,979	3,803,661
Total Assets	6,259,782	6,989,951

LIABILITIES

Current Liabilities:		
Accounts payable	33,478	27,763
Accrued salaries payable	50,377	50,082
Security deposits payable	25,500	22,050
Total Current Liabilities	109,355	99,895
Long-Term Liabilities:		
Accrued compensated absences - non-current	29,356	22,942

NET POSITION

Net investment in capital assets	3,851,376	3,590,058
Restricted	257,421	1,035,522
Unrestricted	2,012,274	2,241,534
Total Net Position	\$ 6,121,071	\$ 6,867,114

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND TYPE FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Operating Revenue:		
Tenant revenue	\$ 770,371	\$ 687,096
Federal housing grants	9,931,026	11,082,544
Management income and other operating revenue	272,459	993,231
Total Operating Revenues	10,973,856	12,762,871
Operating Expenses:		
Administration	1,118,295	1,181,798
Housing assistance payments	9,877,007	9,867,424
Tenant services	5,144	5,661
Utilities	107,162	100,673
Maintenance	467,062	372,318
Insurance	26,066	26,346
Bad debt expense	115	31,596
Depreciation	239,676	221,126
Total Operating Expenses	11,840,527	11,806,942
Operating Income (Loss)	(866,671)	955,929
Non-Operating Revenues (Expenses)		
Interest income	1,703	2,263
Insurance proceeds	118,925	-
Gain/(loss) on disposition of asset	-	(2,029)
Total Non-Operating Revenues (Expenses)	120,628	234
Change in net position	(746,043)	956,163
Net Position, Beginning of Year	6,867,114	5,910,951
Net Position, End of Year	\$ 6,121,071	\$ 6,867,114

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash received from HUD	\$ 9,888,763	\$ 11,027,103
Cash received from tenants and other housing authorities	1,013,328	1,217,797
Cash received from other sources	33,276	435,848
Cash payments for rent and utility assistance	(9,877,048)	(9,867,424)
Cash payments for administrative and operating expenses	<u>(1,710,091)</u>	<u>(1,722,630)</u>
Net cash provided (used) by operating activities	(651,772)	1,090,694
Cash Flows From Investing Activities		
Interest on investments	1,703	2,263
Cash from special item	118,925	-
Acquisition of capital assets	(500,994)	(207,385)
Sale (Purchase) of investments	<u>(784)</u>	<u>(902)</u>
Net cash provided (used) by investing activities	(381,150)	(206,024)
Cash Flows From Capital and Related Financing Activities		
Cash advanced to related party	-	(213,603)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(213,603)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,032,922)</u>	<u>671,067</u>
Cash and Cash Equivalents, Beginning of Year	2,756,209	2,085,142
Cash and Cash Equivalents, End of Year (includes restricted cash of \$257,421 and \$1,035,522 at September 30, 2015 and 2014, respectively)	<u>\$ 1,723,287</u>	<u>\$ 2,756,209</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE (CONTINUED) FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of Net Operating Income to Cash Provided by Operating Activities:		
Net operating income (loss)	\$ (866,671)	\$ 955,929
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	239,676	221,126
Decrease (increase) in accounts receivable-net	324	1,465
Decrease (increase) in accounts receivable-HUD	(42,263)	(24,007)
Decrease (increase) in prepaid expenses	1,288	(16,633)
Increase (decrease) in accounts payable	5,715	(20,992)
Increase (decrease) in accounts payable - HUD	-	(31,434)
Increase (decrease) in accrued salaries payable	6,709	1,790
Increase (decrease) in security deposits payable	3,450	3,450
Net Cash Provided by Operating Activities	\$ <u>(651,772)</u>	\$ <u>1,090,694</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Housing Authority of the City of Denton, Texas (the "Authority") is a governmental entity with the purpose of providing low income families with reasonable assistance for housing, giving consideration and care for their well-being, and promoting family self-sufficiency to all families without discrimination. The Authority primarily serves the residents of Denton County, Texas. The Authority's primary funding source is the U.S. Department of Housing and Urban Development under the Section 8 Rental Voucher Program.

Basis of Presentation

The activities of the Authority are similar to those of proprietary funds of local cities and therefore are reported as an enterprise fund in accordance with governmental accounting and financial reporting principles issued by the Governmental Accounting Standards Board (GASB). Accordingly, transactions are accounted for using the accrual basis of accounting. Under Alternative 1 of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply all standards issued on or before November 30, 1989, by the Financial Accounting Standards Board (FASB), in addition to all GASB standards.

Capital Assets and Depreciation

The Authority records capital assets at cost and provides for depreciation using the straight-line method over the respective estimated useful lives. Furniture and equipment are depreciated over five years. Buildings and improvements are depreciated over thirty to forty years. The cost of normal maintenance and repairs is charged to operating expenses as incurred.

Income Taxes

The Authority is not subject to income taxes.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Cash and cash equivalents – restricted represents excess HAP and DHAP funds. See Restricted Net Position.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position

The Authority receives payments from the U.S. Department of Housing and Urban Development ("HUD") in monthly installments as determined at the beginning of the year based on anticipated needs. At the end of the year, HUD determines how much of the advanced funds were earned by the Authority. Differences in the amounts advanced and the amount earned create excess HAP funds. The Authority must calculate the excess HAP funds, but keeps the excess funds to use towards any funding shortages in future periods. The funds may only be used in connection with the rental voucher program. The Authority calculated the excess funding of \$257,421 and \$1,035,522 as of September 30, 2015 and 2014, respectively, which it shows as restricted net position in the statement of net position and as cash and cash equivalents – restricted.

The balances of the restricted net position accounts for voucher programs are as follows:

	2015	2014
Excess HAP – Section 8 Voucher	\$ 175,594	\$ 953,695
Excess HAP – DHAP	81,827	81,827
Total restricted assets – voucher programs	\$ 257,421	\$ 1,035,522

See also Note 3.

Compensated Absences

Regular, full-time employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. Compensated absences, which have been earned but not paid, have been accrued in the accompanying basic financial statements. For all compensated absences, the liability is valued using pay rates in effect at the end of the Authority's fiscal year.

Prepaid Expenses

Payments made to vendors for services that will benefit future fiscal periods are recorded as prepaid expenses.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Authority values cash, cash equivalents, investments, receivables and current liabilities at their carrying amounts reported in the financial statements due to the short maturities of those instruments.

Date of Management's Review

Management has evaluated subsequent events through June 24, 2016, the date on which the financial statements were available to be issued.

NOTE 2 – REPORTING ENTITY

The Authority, for financial purposes, includes all of the accounts relevant to the operations of the Authority. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Authority. The Authority is governed by a five member Board of Commissioners, who are appointed by the City of Denton, Texas City Council.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At September 30, 2015, the carrying amount of the Authority's deposits was \$1,723,287 and the bank balance was \$1,743,348. The bank deposits were held with financial institutions and are required to be insured or collateralized with securities held by banks in their trust departments, not in the Authority's name. At September 30, 2015, all of the Authority's deposits were covered by FDIC insurance or pledged securities. At September 30, 2014, the carrying amount of the Authority's deposits was \$2,756,209 and the bank balance was \$2,765,115. The bank deposits were held with financial institutions and are required to be insured or collateralized with securities held by banks in their trust departments, not in the Authority's name. At September 30, 2014, all of the Authority's deposits were covered by FDIC insurance or pledged securities.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and cash equivalents consist of the following at September 30:

	<u>2015</u>		<u>2014</u>
Cash and cash equivalents – unrestricted	\$ 1,465,866	\$	1,720,687
Cash and cash equivalents - restricted	<u>257,421</u>		<u>1,035,522</u>
Total cash and cash equivalents	\$ <u>1,723,287</u>	\$	<u>2,756,209</u>

Investments

The Authority's investments consist of bank certificates of deposit. The certificates of deposit total \$380,234 and \$379,450 at September 30, 2015 and 2014, respectively. The certificates of deposit are insured up to \$250,000 per financial institution.

Custodial Credit Risk

Custodial credit risk, for deposits and investments that are certificates of deposits, is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. As of September 30, 2015 and 2014, the Authority's deposits were either collateralized or covered by FDIC insurance. For sixteen days during the fiscal year ended September 30, 2015 deposits exceeded FDIC insurance and pledged collateral. The largest amount exceeding FDIC insurance and pledged collateral was \$881,868. For sixteen days during the fiscal year ended September 30, 2014 deposits exceeded FDIC insurance and pledged collateral. The largest amount exceeding FDIC insurance and pledged collateral was \$799,682.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. The Authority's investments were in certificates of deposits with maturities no longer than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The Authority's deposits and investments exceeded FDIC insurance and pledged securities coverage sixteen days during the years ended September 30, 2015 and 2014, respectively.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's deposits and investments exceeded FDIC insurance and pledged securities coverage sixteen days during the years ended September 30, 2015 and 2014, respectively.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

NOTE 4 – Capital Asset Activity

Capital asset activity for the Authority for the year ended September 30, 2015, was as follows:

	Balance Oct. 1	Additions	Retirement/ Adjustment	Balance Sept. 30
Capital assets not being depreciated:				
Land	\$ 1,203,916	\$ -	\$ -	\$ 1,203,916
Construction in progress		9,116	-	9,116
Total assets not being depreciated	1,203,916	9,116	-	1,213,032
Capital assets being depreciated:				
Buildings and improvements	7,694,337	473,363	-	8,167,700
Furniture and equipment	329,863	18,515	-	348,378
Total capital assets being depreciated	8,024,200	491,878	-	8,516,078
Less accumulated depreciation for:				
Buildings and improvements	(5,391,063)	(203,752)	-	(5,594,815)
Furniture and equipment	(246,995)	(35,924)	-	(282,919)
Total accumulated depreciation	(5,638,058)	(239,676)	-	(5,877,734)
Total capital assets being depreciated, net	2,386,142	252,202	-	2,638,344
Total capital assets, net	\$ 3,590,058	\$ 261,318	\$ -	\$ 3,851,376

NOTE 5 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Authority manages its risk of these types of losses through the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year, nor have there been settlements in excess of insurance coverage for any of the past three fiscal years.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

NOTE 6 – EMPLOYEE RETIREMENT PLAN

The Authority maintains an employee retirement plan for all full-time employees after 90 days of employment. The plan is a defined contribution plan. The Authority contributes 7% of eligible employees' compensation, and employees may make voluntary contributions of up to 10% of their compensation. For the year ended September 30, 2015 and 2014, the authority recorded \$36,513 and \$43,670, respectively, as retirement contribution expense.

NOTE 7 – RELATED PARTY TRANSACTIONS

In October of 2004, the Authority formed Renaissance Courts Public Facility Corporation, a not-for-profit entity, to become a general partner in Renaissance Courts, L.P. The Authority transferred low-income housing credits obtained from the Texas Department of Housing and Community Affairs to Renaissance Courts Public Facility Corporation, who in turn, transferred them to Renaissance Courts, L.P. Renaissance Courts, L.P. is a partnership formed to build and operate a 150 unit housing project in Denton, Texas. An outside management group manages the housing project which opened in the summer of 2006. In the event Renaissance Courts Public Facility Corporation is dissolved, any remaining assets, after all of the obligations of the corporation are paid, will be transferred to the Authority. The Authority's directors are also the directors of the Renaissance Courts Public Facility Corporation. In 2014, the Authority advanced funds to the project to facilitate refinancing debt on the project. The advance totaled 213,603 and is shown as due from related party on the statement of net position.

NOTE 8 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2015 and 2014 consists of the following:

	2015	2014
Tenant receivables	\$ 1,331	\$ 2
Receivables due from other Housing Authorities	9,043	9,742
Receivables due from tenants from fraudulent activity	16,674	20,459
Other receivables	2,946	-
Less allowance for doubtful accounts	(24,185)	(24,070)
Total	\$ 5,809	\$ 6,133

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

Note 9 – Inter-program Receivables and Payables

Inter-program balances at September 30, 2015 and 2014 consisted of the following individual program receivables and payables:

<u>Program</u>	<u>2015</u>		<u>2014</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
Housing Choice Voucher Program:				
Business Activities	\$ -	\$ 6,013	\$ -	\$ 4,630
New Construction Program	3,442	-	-	117
Senior Housing Program	504	-	-	-
Senior Housing Program:				
Business Activities	-	35,698	-	82,764
Housing Choice Voucher Program	-	504	-	-
New Construction Program:				
Housing Choice Voucher Program	-	3,442	117	-
Business Activities:				
Housing Choice Voucher Program	6,013	-	4,630	-
Senior Housing Program	35,698	-	82,764	-
	<u>\$ 45,657</u>	<u>\$ 45,657</u>	<u>\$ 87,511</u>	<u>\$ 87,511</u>

These accounts were eliminated in the preparation of the general-purpose financial statements.

Note 10 – Special Item

The Authority was a majority owner in Denton Housing Partners, Inc. the general partner to the Denton Senior Housing Development, L.P. which owned and operated a twenty-four (24) unit low income housing facility for tenants meeting certain income qualifications and are at least sixty-three (63) years of age.

Effective December 20, 2012, the limited partner transferred and assigned 100% of its limited partner interest in the partnership to Denton Public Facility Corporation (DPFC). DPFC agreed to accept the transfer and assignment and to release the limited partner from certain of its obligations. DPFC is a public facility corporation and instrumentality of the Housing Authority of the City of Denton, Texas.

The Authority now accounts for the assets and liabilities in DPFC as its own as a separate program.

FEDERAL AWARDS SECTION

INDEPENDENT AUDITORS' 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

Board of Commissioners
Housing Authority of the City of Denton, Texas
Denton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Denton, Texas (the "Authority") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 24, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Denton, Texas
Denton, Texas

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the City of Denton, Texas' 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 Housing Authority of the City of Denton, Texas' major federal programs for the year ended September 30, 2015. Housing Authority of the City of Denton, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the City of Denton, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Housing Authority of the City of Denton, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the City of Denton, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

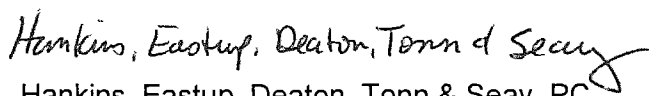
Report on Internal Control Over Compliance

Management of Housing Authority of the City of Denton, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the City of Denton, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Housing Authority of the City of Denton, Texas' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 24, 2016

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

1. Summary of Auditors' Results

- a. Type of auditors' report issued on the financial statements: Unmodified.
- b. Financial statements – internal control over financial reporting:
Material weakness (es) identified: No
Significant deficiencies identified that are not considered to be material weakness:
No
- c. Noncompliance which is material to the financial statements: None
- d. Federal Awards – internal control over major programs:
Material weakness (es) identified: No
Significant deficiencies identified that are not considered to be material weakness:
No
- e. Type of auditors' report issued on compliance for major federal award programs:
Unmodified.
- f. Did the audit disclose findings which are required to be reported under Section .510(a)2-7 of OMB Circular A-133: No
- g. Major programs include: Section 8 – Rental Voucher Program, CFDA number 14.871
- h. Dollar threshold used for distinguishing between Type A and Type B programs: \$300,000.
- i. Low risk auditee: Yes

2. Findings Related to the Financials Statements

None

3. Other Findings

None

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CORRECTIVE ACTION PLAN

N/A

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

FINDING/NONCOMPLIANCE

N/A

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Section 8 – Rental Voucher Program	14.871	\$ <u>9,931,026</u>
Total U.S. Department of Housing and Urban Development		<u>9,931,026</u>
Total Expenditures of Federal Awards		\$ <u><u>9,931,026</u></u>

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Denton, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Denton Housing Authority (TX392)
Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
111 Cash - Unrestricted	\$334,359	\$852,153		\$388,428	\$1,574,940
112 Cash - Restricted - Modernization and Development	\$0				\$0
113 Cash - Other Restricted	\$175,593		\$81,827		\$257,420
114 Cash - Tenant Security Deposits	\$0	\$25,500			\$25,500
115 Cash - Restricted for Payment of Current Liabilities	\$0				\$0
100 Total Cash	\$509,952	\$877,653	\$81,827	\$388,428	\$1,857,860
121 Accounts Receivable - PHA Projects	\$9,043				\$9,043
122 Accounts Receivable - HUD Other Projects	\$66,270				\$66,270
124 Accounts Receivable - Other Government	\$0				\$0
125 Accounts Receivable - Miscellaneous	\$160	\$37		\$216,351	\$216,548
126 Accounts Receivable - Tenants	\$0	\$1,331			\$1,331
126.1 Allowance for Doubtful Accounts - Tenants	\$0	-\$593			-\$593
126.2 Allowance for Doubtful Accounts - Other	-\$7,234	\$0		\$0	-\$7,234
127 Notes, Loans, & Mortgages Receivable - Current	\$0				\$0
128 Fraud Recovery	\$16,674				\$16,674
128.1 Allowance for Doubtful Accounts - Fraud	-\$16,357				-\$16,357
129 Accrued Interest Receivable	\$601			\$865	\$1,466
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$69,157	\$775	\$0	\$217,216	\$287,148
131 Investments - Unrestricted	\$53,189			\$192,472	\$245,661
132 Investments - Restricted	\$0				\$0
135 Investments - Restricted for Payment of Current Liability	\$0				\$0
142 Prepaid Expenses and Other Assets	\$10,729	\$987		\$494	\$12,210
143 Inventories	\$0	\$6,141			\$6,141

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
143.1 Allowance for Obsolete Inventories	\$0	-\$614			-\$614
144 Inter Program Due From	\$3,946			\$41,711	\$45,657
145 Assets Held for Sale	\$0				\$0
150 Total Current Assets	\$646,973	\$884,942	\$81,827	\$840,321	\$2,454,063
161 Land	\$0				
162 Buildings	\$205,956	\$493,011		\$710,905	\$1,203,916
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$6,188,171		\$1,793,573	\$8,167,700
164 Furniture, Equipment & Machinery - Administration	\$212,340	\$51,462			\$51,462
165 Leasehold Improvements	\$0	\$48,498		\$36,077	\$296,915
166 Accumulated Depreciation	-\$295,626	-\$4,755,851		-\$826,256	-\$5,877,733
167 Construction in Progress	\$0			\$9,116	\$9,116
168 Infrastructure	\$0				\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$122,670	\$2,005,291	\$0	\$1,723,415	\$3,851,376
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0				\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	\$0				\$0
173 Grants Receivable - Non Current	\$0				\$0
174 Other Assets	\$0				\$0
176 Investments in Joint Ventures	\$0				\$0
180 Total Non-Current Assets	\$122,670	\$2,005,291	\$0	\$1,723,415	\$3,851,376
200 Deferred Outflow of Resources	\$0				\$0
290 Total Assets and Deferred Outflow of Resources	\$769,643	\$2,890,233	\$81,827	\$2,563,736	\$6,305,439

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
311 Bank Overdraft	\$0				\$0
312 Accounts Payable <= 90 Days	\$3,281	\$4,942		\$11,956	\$20,179
313 Accounts Payable >90 Days Past Due	\$0				\$0
321 Accrued Wage/Payroll Taxes Payable	\$23,719	\$8,294		\$1,054	\$33,067
322 Accrued Compensated Absences - Current Portion	\$18,220	\$4,350		\$1,118	\$23,688
324 Accrued Contingency Liability	\$0				\$0
325 Accrued Interest Payable	\$0				\$0
331 Accounts Payable - HUD PHA Programs	\$265				\$265
332 Account Payable - PHA Projects	\$0				\$0
333 Accounts Payable - Other Government	\$0				\$0
341 Tenant Security Deposits	\$0	\$25,500			\$25,500
342 Unearned Revenue	\$0	\$3,298			\$3,298
343 Current Portion of Long-term Debt - Capital	\$0				\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0				\$0
345 Other Current Liabilities	\$0				\$0
346 Accrued Liabilities - Other	\$0	\$1,265		\$2,094	\$3,359
347 Inter Program - Due To	\$6,013	\$39,644			\$45,657
348 Loan Liability - Current	\$0				\$0
310 Total Current Liabilities	\$51,498	\$87,293	\$0	\$16,222	\$155,013
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$0				\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0				\$0
353 Non-current Liabilities - Other	\$0				\$0
354 Accrued Compensated Absences - Non Current	\$22,198	\$5,850		\$1,307	\$29,355
355 Loan Liability - Non Current	\$0				\$0
356 FASB 5 Liabilities	\$0				\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
357 Accrued Pension and OPEB Liabilities	\$0				\$0
350 Total Non-Current Liabilities	\$22,198	\$5,850	\$0	\$1,307	\$29,355
300 Total Liabilities	\$73,696	\$93,143	\$0	\$17,529	\$184,368
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$122,670	\$2,005,291		\$1,723,415	\$3,851,376
511.4 Restricted Net Position	\$175,593		\$81,827		\$257,420
512.4 Unrestricted Net Position	\$397,684	\$791,799	\$0	\$822,792	\$2,012,275
513 Total Equity - Net Assets / Position	\$695,947	\$2,797,090	\$81,827	\$2,546,207	\$6,121,071
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$769,643	\$2,890,233	\$81,827	\$2,563,736	\$6,305,439

Denton Housing Authority (TX392)
Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	ELIM	Total
111 Cash - Unrestricted	\$0	\$1,574,940
112 Cash - Restricted - Modernization and Development	\$0	\$0
113 Cash - Other Restricted	\$0	\$257,420
114 Cash - Tenant Security Deposits	\$0	\$25,500
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0
100 Total Cash	\$0	\$1,857,860
121 Accounts Receivable - PHA Projects	\$0	\$9,043
122 Accounts Receivable - HUD Other Projects	\$0	\$66,270
124 Accounts Receivable - Other Government	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$216,548
126 Accounts Receivable - Tenants	\$0	\$1,331
126.1 Allowance for Doubtful Accounts - Tenants	\$0	-\$593
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$7,234
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0
128 Fraud Recovery	\$0	\$16,674
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$16,357
129 Accrued Interest Receivable	\$0	\$1,466
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$287,148
131 Investments - Unrestricted	\$0	\$245,661
132 Investments - Restricted	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0
142 Prepaid Expenses and Other Assets	\$0	\$12,210
143 Inventories	\$0	\$6,141
143.1 Allowance for Obsolete Inventories	\$0	-\$614

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	ELIM	Total
144 Inter Program Due From	-\$45,657	\$0
145 Assets Held for Sale	\$0	\$0
150 Total Current Assets	-\$45,657	\$2,408,406
161 Land	\$0	\$1,203,916
162 Buildings	\$0	\$8,167,700
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$51,462
164 Furniture, Equipment & Machinery - Administration	\$0	\$296,915
165 Leasehold Improvements	\$0	\$0
166 Accumulated Depreciation	\$0	-\$5,877,733
167 Construction in Progress	\$0	\$9,116
168 Infrastructure	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$3,851,376
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0
174 Other Assets	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0
180 Total Non-Current Assets	\$0	\$3,851,376
200 Deferred Outflow of Resources	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	-\$45,657	\$6,259,782
311 Bank Overdraft	\$0	\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	ELIM	Total
312 Accounts Payable <= 90 Days	\$0	\$20,179
313 Accounts Payable >90 Days Past Due	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$0	\$33,067
322 Accrued Compensated Absences - Current Portion	\$0	\$23,688
324 Accrued Contingency Liability	\$0	\$0
325 Accrued Interest Payable	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$265
332 Account Payable - PHA Projects	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$0
341 Tenant Security Deposits	\$0	\$25,500
342 Unearned Revenue	\$0	\$3,298
343 Current Portion of Long-term Debt - Capital	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0
345 Other Current Liabilities	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$3,359
347 Inter Program - Due To	-\$45,657	\$0
348 Loan Liability - Current	\$0	\$0
310 Total Current Liabilities	-\$45,657	\$109,356
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$0	\$29,355
355 Loan Liability - Non Current	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0

Denton Housing Authority (TX392)
Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	ELIM	Total
350 Total Non-Current Liabilities	\$0	\$29,355
300 Total Liabilities	-\$45,657	\$138,711
400 Deferred Inflow of Resources		
508.4 Net Investment in Capital Assets		\$3,851,376
511.4 Restricted Net Position		\$257,420
512.4 Unrestricted Net Position		\$2,012,275
513 Total Equity - Net Assets / Position	\$0	\$6,121,071
600 Total Liabilities, Deferred Inflows of Resources and Equity -	-\$45,657	\$6,259,782

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
70300 Net Tenant Rental Revenue	\$0	\$768,300			\$768,300
70400 Tenant Revenue - Other	\$0	\$2,071			\$2,071
70500 Total Tenant Revenue	\$0	\$770,371	\$0	\$0	\$770,371
70600 HUD PHA Operating Grants	\$9,931,026				\$9,931,026
70610 Capital Grants	\$0				\$0
70710 Management Fee					\$0
70720 Asset Management Fee					\$0
70730 Book Keeping Fee					\$0
70740 Front Line Service Fee					\$0
70750 Other Fees					\$0
70700 Total Fee Revenue					\$0
70800 Other Government Grants	\$0				\$0
71100 Investment Income - Unrestricted	\$480	\$535		\$689	\$1,704
71200 Mortgage Interest Income	\$0				\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0				\$0
71310 Cost of Sale of Assets	\$0				\$0
71400 Fraud Recovery	\$922				\$922
71500 Other Revenue	\$231,794	\$122,228		\$186,956	\$540,978
71600 Gain or Loss on Sale of Capital Assets	\$0				\$0
72000 Investment Income - Restricted	\$0				\$0
70000 Total Revenue	\$10,164,222	\$893,134	\$0	\$187,645	\$11,245,001
91100 Administrative Salaries	\$473,982	\$130,509		\$16,801	\$621,292

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
91200 Auditing Fees	\$8,925	\$5,100		\$2,975	\$17,000
91300 Management Fee	\$0	\$53,956			\$53,956
91310 Book-keeping Fee	\$0				\$0
91400 Advertising and Marketing	\$1,166	\$173		\$323	\$1,662
91500 Employee Benefit contributions - Administrative	\$136,867	\$34,202		\$4,424	\$175,493
91600 Office Expenses	\$185,298	\$25,438		\$7,313	\$218,049
91700 Legal Expense	\$0			\$10,977	\$10,977
91800 Travel	\$17,760	\$4,180		\$11,657	\$33,597
91810 Allocated Overhead	\$0				\$0
91900 Other	\$29,146	\$10,100		\$22,476	\$61,722
91000 Total Operating - Administrative	\$853,144	\$263,658	\$0	\$76,946	\$1,193,748
92000 Asset Management Fee	\$0				\$0
92100 Tenant Services - Salaries	\$0				\$0
92200 Relocation Costs	\$0				\$0
92300 Employee Benefit Contributions - Tenant Services	\$0				\$0
92400 Tenant Services - Other	\$0	\$5,144			\$5,144
92500 Total Tenant Services	\$0	\$5,144	\$0	\$0	\$5,144
93100 Water	\$0	\$17,420		\$8,545	\$25,965
93200 Electricity	\$0	\$23,636		\$20,730	\$44,366
93300 Gas	\$0	\$12,150			\$12,150
93400 Fuel	\$0				\$0
93500 Labor	\$0				\$0
93600 Sewer	\$0	\$22,871		\$1,810	\$24,681
93700 Employee Benefit Contributions - Utilities	\$0				\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
93800 Other Utilities Expense	\$0				\$0
93000 Total Utilities	\$0	\$76,077	\$0	\$31,085	\$107,162
94100 Ordinary Maintenance and Operations - Labor	\$0	\$115,729		\$13,557	\$129,286
94200 Ordinary Maintenance and Operations - Materials and	\$3,012	\$109,858		\$8,376	\$121,246
94300 Ordinary Maintenance and Operations Contracts	\$3,414	\$117,130		\$27,082	\$147,626
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$39,532		\$5,097	\$44,629
94000 Total Maintenance	\$6,426	\$382,249	\$0	\$54,112	\$442,787
95100 Protective Services - Labor	\$0				\$0
95200 Protective Services - Other Contract Costs	\$0	\$12,664		\$6,024	\$18,688
95300 Protective Services - Other	\$0				\$0
95500 Employee Benefit Contributions - Protective Services	\$0				\$0
95000 Total Protective Services	\$0	\$12,664	\$0	\$6,024	\$18,688
96110 Property Insurance	\$3,329	\$6,658		\$3,329	\$13,316
96120 Liability Insurance	\$216	\$433		\$216	\$865
96130 Workmen's Compensation	\$1,836	\$3,672		\$1,836	\$7,344
96140 All Other Insurance	\$1,135	\$2,270		\$1,135	\$4,540
96100 Total Insurance Premiums	\$6,516	\$13,033	\$0	\$6,516	\$26,065
96200 Other General Expenses	\$23,277	\$160		\$817	\$24,254
96210 Compensated Absences	\$33,273	\$9,894		\$2,238	\$45,405
96300 Payments in Lieu of Taxes	\$0				\$0
96400 Bad debt - Tenant Rents	\$0	\$594			\$594
96500 Bad debt - Mortgages	\$0				\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
96600 Bad debt - Other	\$82				\$82
96800 Severance Expense	\$0				\$0
96000 Total Other General Expenses	\$56,632	\$10,648	\$0	\$3,055	\$70,335
96710 Interest of Mortgage (or Bonds) Payable	\$0				\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0				\$0
96730 Amortization of Bond Issue Costs	\$0				\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$922,718	\$763,473	\$0	\$177,738	\$1,863,929
97000 Excess of Operating Revenue over Operating Expenses	\$9,241,504	\$129,661	\$0	\$9,907	\$9,381,072
97100 Extraordinary Maintenance	\$0	\$5,586			\$5,586
97200 Casualty Losses - Non-capitalized	\$0	\$4,846			\$4,846
97300 Housing Assistance Payments	\$9,682,166				\$9,682,166
97350 HAP Portability-In	\$194,841				\$194,841
97400 Depreciation Expense	\$29,093	\$141,148		\$69,435	\$239,676
97500 Fraud Losses	\$0				\$0
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense	\$0				\$0
90000 Total Expenses	\$10,828,818	\$915,053	\$0	\$247,173	\$11,991,044
10010 Operating Transfer In	\$0				\$0
10020 Operating transfer Out	\$0				\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
10030 Operating Transfers from/to Primary Government	\$0				\$0
10040 Operating Transfers from/to Component Unit	\$0				\$0
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss	\$0				\$0
10080 Special Items (Net Gain/Loss)	\$0				\$0
10091 Inter Project Excess Cash Transfer In					\$0
10092 Inter Project Excess Cash Transfer Out					\$0
10093 Transfers between Program and Project - In	\$0				\$0
10094 Transfers between Project and Program - Out	\$0				\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$664,596	-\$21,919	\$0	-\$59,528	-\$746,043
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,360,543	\$2,819,009	\$81,827	\$2,605,735	\$6,867,114
11040 Prior Period Adjustments, Equity Transfers and Correction	\$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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity	\$520,354				\$520,354
11180 Housing Assistance Payments Equity	\$175,593				\$175,593

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
11190 Unit Months Available	18312	1728			20040
11210 Number of Unit Months Leased	17262	1428			18690
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$768,300
70400 Tenant Revenue - Other	\$0	\$2,071
70500 Total Tenant Revenue	\$0	\$770,371
70600 HUD PHA Operating Grants	\$0	\$9,931,026
70610 Capital Grants	\$0	\$0
70710 Management Fee	\$0	\$0
70720 Asset Management Fee	\$0	\$0
70730 Book Keeping Fee	\$0	\$0
70740 Front Line Service Fee	\$0	\$0
70750 Other Fees	\$0	\$0
70700 Total Fee Revenue	\$0	\$0
70800 Other Government Grants	\$0	\$0
71100 Investment Income - Unrestricted	\$0	\$1,704
71200 Mortgage Interest Income	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0
71400 Fraud Recovery	\$0	\$922
71500 Other Revenue	-\$149,956	\$391,022
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0
70000 Total Revenue	-\$149,956	\$11,095,045
91100 Administrative Salaries	\$0	\$621,292
91200 Auditing Fees	\$0	\$17,000

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	ELIM	Total
91300 Management Fee	-\$53,956	\$0
91310 Book-keeping Fee	\$0	\$0
91400 Advertising and Marketing	\$0	\$1,662
91500 Employee Benefit contributions - Administrative	\$0	\$175,493
91600 Office Expenses	-\$96,000	\$122,049
91700 Legal Expense	\$0	\$10,977
91800 Travel	\$0	\$33,597
91810 Allocated Overhead	\$0	\$0
91900 Other	\$0	\$61,722
91000 Total Operating - Administrative	-\$149,956	\$1,043,792
92000 Asset Management Fee	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0
92200 Relocation Costs	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0
92400 Tenant Services - Other	\$0	\$5,144
92500 Total Tenant Services	\$0	\$5,144
93100 Water	\$0	\$25,965
93200 Electricity	\$0	\$44,366
93300 Gas	\$0	\$12,150
93400 Fuel	\$0	\$0
93500 Labor	\$0	\$0
93600 Sewer	\$0	\$24,681
93700 Employee Benefit Contributions - Utilities	\$0	\$0
93800 Other Utilities Expense	\$0	\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	ELIM	Total
93000 Total Utilities	\$0	\$107,162
94100 Ordinary Maintenance and Operations - Labor	\$0	\$129,286
94200 Ordinary Maintenance and Operations - Materials and	\$0	\$121,246
94300 Ordinary Maintenance and Operations Contracts	\$0	\$147,626
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$44,629
94000 Total Maintenance	\$0	\$442,787
95100 Protective Services - Labor	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$18,688
95300 Protective Services - Other	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0
95000 Total Protective Services	\$0	\$18,688
96110 Property Insurance	\$0	\$13,316
96120 Liability Insurance	\$0	\$865
96130 Workmen's Compensation	\$0	\$7,344
96140 All Other Insurance	\$0	\$4,540
96100 Total Insurance Premiums	\$0	\$26,065
96200 Other General Expenses	\$0	\$24,254
96210 Compensated Absences	\$0	\$45,405
96300 Payments in Lieu of Taxes	\$0	\$0
96400 Bad debt - Tenant Rents	\$0	\$594
96500 Bad debt - Mortgages	\$0	\$0
96600 Bad debt - Other	\$0	\$82

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	ELIM	Total
96800 Severance Expense	\$0	\$0
96000 Total Other General Expenses	\$0	\$70,335
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0
96900 Total Operating Expenses	-\$149,956	\$1,713,973
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$9,381,072
97100 Extraordinary Maintenance	\$0	\$5,586
97200 Casualty Losses - Non-capitalized	\$0	\$4,846
97300 Housing Assistance Payments	\$0	\$9,682,166
97350 HAP Portability-In	\$0	\$194,841
97400 Depreciation Expense	\$0	\$239,676
97500 Fraud Losses	\$0	\$0
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense	\$0	\$0
90000 Total Expenses	-\$149,956	\$11,841,088
10010 Operating Transfer In	\$0	\$0
10020 Operating transfer Out	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 09/30/2015

	ELIM	Total
10040 Operating Transfers from/to Component Unit	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0
10100 Total Other financing Sources (Uses)		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total		-\$746,043
11020 Required Annual Debt Principal Payments		\$0
11030 Beginning Equity	\$0	\$6,867,114
11040 Prior Period Adjustments, Equity Transfers and Correction	\$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		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity		\$520,354
11180 Housing Assistance Payments Equity		\$175,593
11190 Unit Months Available	0	20040

Denton Housing Authority (TX392)
Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133 Fiscal Year End: 09/30/2015

	ELIM	Total
11210 Number of Unit Months Leased	0	18690
11270 Excess Cash		
11610 Land Purchases		
11620 Building Purchases		
11630 Furniture & Equipment - Dwelling Purchases		
11640 Furniture & Equipment - Administrative Purchases		
11650 Leasehold Improvements Purchases		
11660 Infrastructure Purchases		
13510 CFFP Debt Service Payments		
13901 Replacement Housing Factor Funds		

HOUSING AUTHORITY
OF THE CITY OF DENTON, TEXAS

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Denton, Texas
Denton, Texas

Report of the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Denton, Texas ("the Authority"), which comprise the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Denton, Texas as of September 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Housing Authority of the City of Denton, Texas' basic financial statements. The HUD Financial Data Schedule is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017 on our consideration of Housing Authority of the City of Denton, Texas' internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Denton, Texas' internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay
Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 27, 2017

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016

The following is an analysis of the financial performance of the Housing Authority of the City of Denton, Texas (the "Authority"). It is intended to provide the reader with an overview of the Authority's financial activities for the fiscal year ended September 30, 2016. The information contained in this MD&A should be considered in conjunction with the Authority's basic financial statements.

Financial Highlights

The Authority's total assets increased from \$6,259,782 to \$8,847,179, an increase of \$2,587,397 or 41.3%.

The unrestricted net position balance is \$2,631,712 at September 30, 2016. This represents an increase of \$619,438, or 30.1% from the previous year. Unrestricted net position represents the amount of available funds for future appropriations.

Operating revenues increased from \$10,973,856 to \$13,722,122, an increase of \$2,748,266 or 25.0% primarily due to the increase in the Section 8 Voucher funding.

Operating expenses increased by \$1,691,260 to \$13,531,787 for the current year. The increase was primarily due to increased housing assistance payments.

Using this Annual Report

This annual report consists of basic financial statements and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended September 30, 2016. The basic statements provide readers with a broad overview of the Authority's finances. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

1. The Statement of Net Position provides information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving.
2. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
3. The Statement of Cash Flows presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

The Authority's housing programs include the Housing Choice Voucher Program, Management Program, and DHAP. The Housing Choice Voucher Program provides rental assistance to aid low income families to afford decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The DHAP program ended, however, the Authority still holds funds totaling \$81,827 related to that program that are currently restricted. The Authority currently has 1,526 baseline units available. Funds are provided by HUD to provide rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis. The Authority administers a management fund designed to perform asset management responsibilities for additional properties. Payment for the Authority's administrative office and other rental properties support the Management Program.

The Authority organized the Denton Public Facility Corporation (DPFC) in December 2012 to receive and operate a twenty-four unit low-income housing facility. The Authority owned a portion of the general partner of Denton Senior Housing Development, L.P. which held the facility. After the fifteen-year compliance period related to tax credits expired, the limited partner transferred the entire interest in the facility to DPFC. The Authority must operate the facility under the supervision of the Texas Department of Housing and Community Affairs for an additional fifteen years.

Renaissance Courts is a multi-family project that received a tax credits award from Texas Department of Housing and Community Affairs for the development of a 150 unit town-home style, affordable housing project. The development provides for mixed income and market rate rents. The Authority formed Renaissance Courts Public Facility Corporation to serve as the general partner of Renaissance Courts, L.P. a limited partnership to fund and operate the project. Funding comes from the limited partners purchasing the tax credits and a HUD insured 221 (d)4 mortgage. Operation of Renaissance Courts is managed by an outside management group and funded from rental revenues. The Authority received a developer fee this fiscal year and is still to receive additional deferred developer fees in the future, based on the project's cash flow.

Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the years ended September 30, 2016 and September 30, 2015.

Statement of Net Position

Category	FYE 2016	FYE 2015	Change %
Current Assets – Unrestricted	\$ 2,416,517	\$ 1,937,382	24.7%
Current Assets - Restricted	105,773	257,421	-58.9%
Capital Assets (Net of Depreciation)	5,961,286	3,851,376	54.8%
Other Non-Current Assets	363,603	213,603	70.2%
Total Assets	8,847,179	6,259,782	41.3%
Current Liabilities	127,779	109,355	16.9%
Non-Current Liabilities	2,454,245	29,356	8260.0%
Total Liabilities	2,582,024	138,711	1761.4%
Unrestricted	2,631,712	2,012,275	30.8%
Net Investment in Capital Assets	3,527,670	3,851,375	-8.4%
Restricted	105,773	257,421	-58.9%
Total Net Position	\$ 6,265,155	\$ 6,121,071	2.4%

Assets

The increase in current assets-unrestricted was due to an increase in cash as a result of higher tenant revenue, management income and other operating income. The decrease in current assets-restricted, is due the Authority receiving less funds from HUD than it expended for tenant rents. The increase in capital assets was due to the addition of land in connection with a land lease on a development project. Other non-current assets include a receivable from a related housing development and a note receivable from the sale of a tract of land. The Authority advanced funds to refinance existing debt on the development.

Liabilities

Current and non-current liabilities increased due to deferred revenue in connection with the land lease from a new development project.

Net Position

The Authority's unrestricted net position increased due to an increase of operating income. The net investment in capital assets decreased due to depreciation expense being higher than purchases of capital assets. The deferred revenue liability associated with the ground lease and offset the increase in land. Restricted net position decreased due to a decrease in housing assistance funding from HUD.

Statement of Revenues & Expenses

Category	FYE 2016	FYE 2015	Change %
HUD Operating Grants	\$ 11,880,094	\$ 9,931,026	19.6%
Tenant Revenue	868,582	770,371	12.8%
Interest Income	2,475	1,703	45.3%
Other Revenue	975,676	391,384	149.3%
Total Revenue	13,726,827	11,094,484	23.7%
Administration	1,429,304	1,118,295	27.8%
Tenant Services	6,356	5,144	23.6%
Utilities	102,253	107,162	-4.6%
Ordinary Maintenance	455,977	467,062	-2.4%
General Expense	59,300	26,181	126.5%
Depreciation	252,646	239,676	5.4%
Housing Assistance Payments	11,225,951	9,877,007	13.7%
Loss on disposition of asset	50,956	-	100.0%
Total Expenses	\$ 13,582,743	\$ 11,840,527	14.7%

Results of Operations

Revenues

Operating revenues of the Authority are generated principally from dwelling rents, Section 8 Administrative fees, HUD grants, and rental assistance payments. The Authority's revenues increased by \$2,581,387. The primary reason for the increase in revenue was an increase in Section 8 voucher funding and an increase in tenant revenue. Tenant revenue increased due to an improved lease out percentage at Heritage Oaks. Interest income increased due to increasing interest rates paid by banks. The increase in other revenue is due to increased payments received from other housing authorities with clients living in the Authority's boundaries and an increase in developer fees on housing projects.

Expenses

Total expenses increased by \$1,742,216 over the prior year. Administrative expenses increased due to increases in salaries and payroll related expenses as well as some office expenses. Utilities decreased slightly as North Texas had a milder summer than the previous year. Ordinary maintenance decreased slightly due to fewer maintenance issues with Heritage Oaks. The increase in general expense was due to an increase in bad debt. The increase in depreciation expense was due to building improvements and a vehicle and A/C units at Heritage Oaks. Housing assistance payments increased significantly as the Authority made good progress on keeping their vouchers utilized.

Capital Assets

As of September 30, 2016, the Authority's investment in capital assets was \$ 5,961,286. This investment includes land, building, building improvements, office equipment, and maintenance equipment. The increase in land is due to a ground lease agreement with a developer connected with an apartment project.

Category	FYE 2016	FYE 2015	Change %
Land	\$ 3,472,960	\$ 1,203,916	188.5%
Buildings and improvements	8,245,896	8,167,699	1.0%
Equipment	353,249	348,378	1.4%
Construction in progress	781	9,116	-91.4%
Accumulated Depreciation	(6,111,600)	(5,877,734)	4.0%
Total Net Fixed Assets	\$ 5,961,286	\$ 3,851,375	54.8%

Future Economic Factors

The Authority will continue to receive developer fee revenues from Renaissance Courts and income from commercial buildings. The Authority has formed Denton Public Facility Corporation to develop 322 multi-family units of affordable housing using tax credits and tax-exempt bonds. The Authority expects to earn developer and management fees and bond issuance fees from this development. The Authority will work with developers to construct more affordable housing to earn additional developer fee revenues. The Authority also plans to sell vacant land that cannot be used for affordable housing development and use those funds for operational and development purposes.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, contact the Executive Director at Denton Housing Authority, 1225 Wilson Street, Denton, TX 76205.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF NET POSITION - PROPRIETARY FUND TYPE SEPTEMBER 30, 2016 AND 2015

ASSETS

	2016	2015
Current Assets:		
Cash and cash equivalents	\$ 2,052,884	\$ 1,465,866
Cash and cash equivalents - restricted	105,773	257,421
Accounts receivable - net	16,493	5,809
Accounts receivable - HUD	-	66,270
Investments	327,360	380,234
Prepaid expenses	19,780	19,203
Total Current Assets	2,522,290	2,194,803
Non-Current Assets:		
Due from related party - net	213,603	213,603
Note receivable	150,000	-
Capital assets		
Land	3,472,960	1,203,916
Building and improvements	8,245,896	8,167,700
Furniture and equipment	353,249	348,378
Construction in progress	781	9,116
Accumulated depreciation	(6,111,600)	(5,877,734)
Total Capital assets	5,961,286	3,851,376
Total Non-Current Assets	6,324,889	4,064,979
Total Assets	8,847,179	6,259,782

LIABILITIES

Current Liabilities:		
Accounts payable	47,667	33,478
Accounts payable - HUD	1,469	-
Accrued salaries payable - current	28,394	50,377
Deferred Revenue-current	24,949	-
Security deposits payable	25,300	25,500
Total Current Liabilities	127,779	109,355
Long-Term Liabilities:		
Accrued salaries payable - non current	20,629	29,356
Deferred Revenue-non current	2,433,616	-
Total Long-Term Liabilities	2,454,245	29,356

NET POSITION

Net investment in capital assets	3,527,670	3,851,376
Restricted	105,773	257,421
Unrestricted	2,631,712	2,012,274
Total Net Position	\$ 6,265,155	\$ 6,121,071

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND TYPE FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Operating Revenue:		
Tenant revenue	\$ 868,582	\$ 770,371
Federal housing grants	11,880,094	9,931,026
Management income and other operating revenue	973,446	272,459
Total Operating Revenues	13,722,122	10,973,856
Operating Expenses:		
Administration	1,429,304	1,118,295
Housing assistance payments	11,225,951	9,877,007
Tenant services	6,356	5,144
Utilities	102,253	107,162
Maintenance	455,977	467,062
Insurance	28,814	26,066
Bad debt expense	30,486	115
Depreciation	252,646	239,676
Total Operating Expenses	13,531,787	11,840,527
Operating Income (Loss)	190,335	(866,671)
Non-Operating Revenues (Expenses)		
Interest income	2,475	1,703
Insurance proceeds	2,230	118,925
Gain/(loss) on disposition of asset	(50,956)	-
Total Non-Operating Revenues (Expenses)	(46,251)	120,628
Change in net position	144,084	(746,043)
Net Position, Beginning of Year	6,121,071	6,867,114
Net Position, End of Year	\$ 6,265,155	\$ 6,121,071

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Cash received from HUD	\$ 11,947,833	\$ 9,888,763
Cash received from tenants and other housing authorities	1,367,862	1,013,328
Cash received from other sources	463,282	33,276
Cash payments for rent and utility assistance	(11,226,834)	(9,877,048)
Cash payments for administrative and operating expenses	<u>(2,069,405)</u>	<u>(1,710,091)</u>
Net cash provided (used) by operating activities	482,738	(651,772)
Cash Flows From Investing Activities		
Interest on investments	2,475	1,703
Cash from special item	2,230	118,925
Acquisition of capital assets	(104,947)	(500,994)
Sale (Purchase) of investments	<u>52,874</u>	<u>(784)</u>
Net cash provided (used) by investing activities	(47,368)	(381,150)
Cash Flows From Capital and Related Financing Activities	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>435,370</u>	<u>(1,032,922)</u>
Cash and Cash Equivalents, Beginning of Year	1,723,287	2,756,209
Cash and Cash Equivalents, End of Year (includes restricted cash of \$105,773 and \$257,421 at September 30, 2016 and 2015, respectively)	<u>\$ 2,158,657</u>	<u>\$ 1,723,287</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE (CONTINUED) FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of Net Operating Income to Cash Provided by Operating Activities:		
Net operating income (loss)	\$ 190,335	\$ (866,671)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	252,646	239,676
Decrease (increase) in accounts receivable-net	(10,684)	324
Decrease (increase) in accounts receivable-HUD	66,270	(42,263)
Decrease (increase) in prepaid expenses	(577)	1,288
Increase (decrease) in accounts payable	14,189	5,715
Increase (decrease) in accounts payable - HUD	1,469	-
Increase (decrease) in accrued salaries payable	(30,710)	6,709
Increase (decrease) in security deposits payable	(200)	3,450
Net Cash Provided (used) by Operating Activities	\$ <u>482,738</u>	\$ <u>(651,772)</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Housing Authority of the City of Denton, Texas (the "Authority") is a governmental entity with the purpose of providing low income families with reasonable assistance for housing, giving consideration and care for their well-being, and promoting family self-sufficiency to all families without discrimination. The Authority primarily serves the residents of Denton County, Texas. The Authority's primary funding source is the U.S. Department of Housing and Urban Development under the Section 8 Rental Voucher Program.

Basis of Presentation

The activities of the Authority are similar to those of proprietary funds of local cities and therefore are reported as an enterprise fund in accordance with governmental accounting and financial reporting principles issued by the Governmental Accounting Standards Board (GASB). Accordingly, transactions are accounted for using the accrual basis of accounting. Under Alternative 1 of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply all standards issued on or before November 30, 1989, by the Financial Accounting Standards Board (FASB), in addition to all GASB standards.

Capital Assets and Depreciation

The Authority records capital assets at cost and provides for depreciation using the straight-line method over the respective estimated useful lives. Furniture and equipment are depreciated over five years. Buildings and improvements are depreciated over thirty to forty years. The cost of normal maintenance and repairs is charged to operating expenses as incurred.

Income Taxes

The Authority is not subject to income taxes.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Cash and cash equivalents – restricted represents excess HAP and DHAP funds. See Restricted Net Position.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position

The Authority receives payments from the U.S. Department of Housing and Urban Development ("HUD") in monthly installments as determined at the beginning of the year based on anticipated needs. At the end of the year, HUD determines how much of the advanced funds were earned by the Authority. Differences in the amounts advanced and the amount earned create excess HAP funds. The Authority must calculate the excess HAP funds, but keeps the excess funds to use towards any funding shortages in future periods. The funds may only be used in connection with the rental voucher program. The Authority calculated the excess funding of \$105,773 and \$257,421 as of September 30, 2016 and 2015, respectively, which it shows as restricted net position in the statement of net position and as cash and cash equivalents – restricted.

The balances of the restricted net position accounts for voucher programs are as follows:

	<u>2016</u>	<u>2015</u>
Excess HAP – Section 8 Voucher	\$ 23,946	\$ 175,594
Excess HAP – DHAP	<u>81,827</u>	<u>81,827</u>
Total restricted assets – voucher programs	\$ <u>105,773</u>	\$ <u>257,421</u>

See also Note 3.

Compensated Absences

Regular, full-time employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. Compensated absences, which have been earned but not paid, have been accrued in the accompanying basic financial statements. For all compensated absences, the liability is valued using pay rates in effect at the end of the Authority's fiscal year.

Prepaid Expenses

Payments made to vendors for services that will benefit future fiscal periods are recorded as prepaid expenses.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Authority values cash, cash equivalents, investments, receivables and current liabilities at their carrying amounts reported in the financial statements due to the short maturities of those instruments.

Date of Management's Review

Management has evaluated subsequent events through June 27, 2017, the date on which the financial statements were available to be issued.

NOTE 2 – REPORTING ENTITY

The Authority, for financial purposes, includes all of the accounts relevant to the operations of the Authority. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Authority. The Authority is governed by a five member Board of Commissioners, who are appointed by the City of Denton, Texas, City Council.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At September 30, 2016, the carrying amount of the Authority's deposits was \$2,158,657 and the bank balance was \$2,208,554. The bank deposits were held with financial institutions and are required to be insured or collateralized with securities held by banks in their trust departments, not in the Authority's name. At September 30, 2016, all of the Authority's deposits were covered by FDIC insurance or pledged securities. At September 30, 2015, the carrying amount of the Authority's deposits was \$1,723,287 and the bank balance was \$1,743,348. The bank deposits were held with financial institutions and are required to be insured or collateralized with securities held by banks in their trust departments, not in the Authority's name. At September 30, 2015, all of the Authority's deposits were covered by FDIC insurance or pledged securities.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and cash equivalents consist of the following at September 30:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents – unrestricted	\$ 2,052,884	\$ 1,465,866
Cash and cash equivalents - restricted	<u>105,773</u>	<u>257,421</u>
Total cash and cash equivalents	\$ <u>2,158,657</u>	\$ <u>1,723,287</u>

Investments

The Authority's investments consist of bank certificates of deposit. The certificates of deposit total \$327,360 and \$380,234 at September 30, 2016 and 2015, respectively. The certificates of deposit are insured up to \$250,000 per financial institution.

Custodial Credit Risk

Custodial credit risk, for deposits and investments that are certificates of deposits, is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. As of September 30, 2016 and 2015, the Authority's deposits were either collateralized or covered by FDIC insurance. For eleven days during the fiscal year ended September 30, 2016 deposits exceeded FDIC insurance and pledged collateral. The largest amount exceeding FDIC insurance and pledged collateral was \$825,178. For sixteen days during the fiscal year ended September 30, 2015 deposits exceeded FDIC insurance and pledged collateral. The largest amount exceeding FDIC insurance and pledged collateral was \$881,868.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. The Authority's investments were in certificates of deposits with maturities no longer than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The Authority's deposits and investments exceeded FDIC insurance and pledged securities coverage eleven and sixteen days during the years ended September 30, 2016 and 2015, respectively.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's deposits and investments exceeded FDIC insurance and pledged securities coverage eleven and sixteen days during the years ended September 30, 2016 and 2015, respectively.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

NOTE 4 – Capital Asset Activity

Capital asset activity for the Authority for the year ended September 30, 2016, was as follows:

	Balance Oct. 1	Additions	Retirement/ Adjustment	Balance Sept. 30
Capital assets not being depreciated:				
Land	\$ 1,203,916	\$ 2,470,000	\$ 200,956	\$ 3,472,960
Construction in progress	9,116	-	8,335	781
Total assets not being depreciated	1,213,032	2,470,000	209,291	3,473,741
Capital assets being depreciated:				
Buildings and improvements	8,167,700	78,196	-	8,245,896
Furniture and equipment	348,378	23,651	18,780	353,249
Total capital assets being depreciated	8,516,078	101,847	18,780	8,599,145
Less accumulated depreciation for:				
Buildings and improvements	(5,594,815)	(221,788)	-	(5,816,603)
Furniture and equipment	(282,919)	(30,858)	18,780	(294,997)
Total accumulated depreciation	(5,877,734)	(252,646)	18,780	(6,111,600)
Total capital assets being depreciated, net	2,638,344	(150,799)	-	2,487,545
Total capital assets, net	\$ 3,851,376	\$ 2,319,201	\$ 209,291	\$ 5,961,286

NOTE 5 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Authority manages its risk of these types of losses through the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year, nor have there been settlements in excess of insurance coverage for any of the past three fiscal years.

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 6 – EMPLOYEE RETIREMENT PLAN

The Authority maintains an employee retirement plan for all full-time employees after 90 days of employment. The plan is a defined contribution plan. The Authority contributes 7% of eligible employees' compensation, and employees may make voluntary contributions of up to 10% of their compensation. For the year ended September 30, 2016 and 2015, the authority recorded \$58,413 and \$36,513, respectively, as retirement contribution expense.

NOTE 7 – RELATED PARTY TRANSACTIONS

In October of 2004, the Authority formed Renaissance Courts Public Facility Corporation, a not-for-profit entity, to become a general partner in Renaissance Courts, L.P. The Authority transferred low-income housing credits obtained from the Texas Department of Housing and Community Affairs to Renaissance Courts Public Facility Corporation, who in turn, transferred them to Renaissance Courts, L.P. Renaissance Courts, L.P. is a partnership formed to build and operate a 150 unit housing project in Denton, Texas. An outside management group manages the housing project which opened in the summer of 2006. In the event Renaissance Courts Public Facility Corporation is dissolved, any remaining assets, after all of the obligations of the corporation are paid, will be transferred to the Authority. The Authority's directors are also the directors of the Renaissance Courts Public Facility Corporation. In 2014, the Authority advanced funds to the project to facilitate refinancing debt on the project. The advance totaled \$213,603 and is shown as due from related party on the statement of net position.

NOTE 8 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Tenant receivables	\$ 3,275	\$ 1,331
Receivables due from other Housing Authorities	44,080	9,043
Receivables due from tenants from fraudulent activity	4,168	16,674
Other receivables	3,600	2,946
Less allowance for doubtful accounts	<u>(38,630)</u>	<u>(24,185)</u>
Total	<u>\$ 16,493</u>	<u>\$ 5,809</u>

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

Note 9 – Inter-program Receivables and Payables

Inter-program balances at September 30, 2016 and 2015 consisted of the following individual program receivables and payables:

<u>Program</u>	<u>2016</u>		<u>2015</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
Housing Choice Voucher Program:				
Business Activities	\$ 2,794	\$ -	\$ -	\$ 6,013
New Construction Program	9,787	-	3,442	-
Senior Housing Program	690	-	504	-
Senior Housing Program:				
Business Activities	-	38,513	-	35,698
Housing Choice Voucher Program	-	690	-	504
New Construction Program:				
Housing Choice Voucher Program	-	9,787	-	3,442
Business Activities:				
Housing Choice Voucher Program	-	2,794	6,013	-
Senior Housing Program	38,513	-	35,698	-
	<u>\$ 51,784</u>	<u>\$ 51,784</u>	<u>\$ 45,657</u>	<u>\$ 45,657</u>

These accounts were eliminated in the preparation of the general-purpose financial statements.

Note 10 – Note Receivable

The Authority sold a tract of land and took a note for \$150,000. The note is to be paid from the Authority leasing space in the building to be built on the land. The Authority will reduce the note receivable each month for the value of rent expense associated with using the building.

Note 11 – Special Item

The Authority wholly owns the Denton Public Facilities Corporation ("DPFC"). DPFC is a public facility corporation and instrumentality of the Housing Authority of the City of Denton, Texas.

DPFC entered into a memorandum of understanding with a developer form a partnership to construct a 322 unit multi-family apartment development in Denton. DPFC is the owner of the General Partner. At the end of the 15-year tax credit compliance period, DPFC, or its designated affiliate, will have first right of refusal to purchase the property for a price equal to the outstanding indebtedness secured by the project plus an exit taxes.

DPFC received land valued at \$2,470,000 in connection with a 99-year ground lease on the project. The value of the lease is recorded as deferred revenue, and will be amortized over the life of the lease.

FEDERAL AWARDS SECTION

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

INDEPENDENT AUDITORS' 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

Board of Commissioners
Housing Authority of the City of Denton, Texas
Denton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Denton, Texas (the "Authority") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

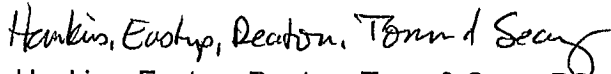
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 27, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

Board of Commissioners
Housing Authority of the City of Denton, Texas
Denton, Texas

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the City of Denton, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of Denton, Texas' major federal programs for the year ended September 30, 2016. Housing Authority of the City of Denton, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the City of Denton, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of Housing Authority of the City of Denton, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the City of Denton, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Housing Authority of the City of Denton, Texas' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hankins, Eastup, Deaton, Tonn & Seay
Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

June 27, 2017

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2016

1. Summary of Auditors' Results

- a. Type of auditors' report issued on the financial statements: Unmodified.
- b. Financial statements – internal control over financial reporting:
Material weakness (es) identified: No
Significant deficiencies identified that are not considered to be material weakness:
No
- c. Noncompliance which is material to the financial statements: None
- d. Federal Awards – internal control over major programs:
Material weakness (es) identified: No
Significant deficiencies identified that are not considered to be material weakness:
No
- e. Type of auditors' report issued on compliance for major federal award programs:
Unmodified.
- f. Did the audit disclose findings which are required to be reported in accordance with 2
CFR 200.561(a): No
- g. Major programs include: Section 8 – Rental Voucher Program, CFDA number
14.871
- h. Dollar threshold used for distinguishing between Type A and Type B programs:
\$750,000.
- i. Low risk auditee: Yes

2. Findings Related to the Financials Statements

None

3. Other Findings

None

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

CORRECTIVE ACTION PLAN

N/A

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

FINDING/NONCOMPLIANCE

N/A

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Section 8 – Rental Voucher Program	14.871	\$ <u>11,880,094</u>
Total U.S. Department of Housing and Urban Development		<u>11,880,094</u>
Total Expenditures of Federal Awards		\$ <u>11,880,094</u>

HOUSING AUTHORITY OF THE CITY OF DENTON, TEXAS

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Denton, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
111 Cash - Unrestricted	\$509,286	\$902,336		\$615,962	\$2,027,584
112 Cash - Restricted - Modernization and Development	\$0				\$0
113 Cash - Other Restricted	\$23,946		\$81,827		\$105,773
114 Cash - Tenant Security Deposits		\$25,300			\$25,300
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$533,232	\$927,636	\$81,827	\$615,962	\$2,158,657
121 Accounts Receivable - PHA Projects	\$44,080				\$44,080
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous				\$217,203	\$217,203
126 Accounts Receivable - Tenants		\$3,275			\$3,275
126.1 Allowance for Doubtful Accounts - Tenants		-\$1,282			-\$1,282
126.2 Allowance for Doubtful Accounts - Other	-\$35,264			\$0	-\$35,264
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery	\$4,168				\$4,168
128.1 Allowance for Doubtful Accounts - Fraud	-\$2,084				-\$2,084
129 Accrued Interest Receivable				\$11	\$11
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$10,900	\$1,993	\$0	\$217,214	\$230,107
131 Investments - Unrestricted	\$25,822			\$301,538	\$327,360
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$10,645	\$356		\$190	\$11,191
143 Inventories		\$8,390		\$1,096	\$9,486

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
143.1 Allowance for Obsolete Inventories		-\$798		-\$110	-\$908
144 Inter Program Due From	\$13,271			\$35,720	\$48,991
145 Assets Held for Sale					
150 Total Current Assets	\$593,870	\$937,577	\$81,827	\$1,171,610	\$2,784,884
161 Land					
162 Buildings	\$205,956	\$2,963,011		\$509,949	\$3,472,960
163 Furniture, Equipment & Machinery - Dwellings		\$6,211,114		\$1,828,825	\$8,245,895
164 Furniture, Equipment & Machinery - Administration	\$193,561	\$51,462		\$36,076	\$51,462
165 Leasehold Improvements		\$72,150			\$301,787
166 Accumulated Depreciation	-\$300,411	-\$4,915,263		-\$895,925	-\$6,111,599
167 Construction in Progress				\$781	\$781
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$99,106	\$4,382,474	\$0	\$1,479,706	\$5,961,286
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				\$150,000	\$150,000
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$99,106	\$4,382,474	\$0	\$1,629,706	\$6,111,286
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$692,976	\$5,320,051	\$81,827	\$2,801,316	\$8,896,170

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$6,791	\$10,943		\$13,353	\$31,087
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$3,121				\$3,121
322 Accrued Compensated Absences - Current Portion	\$19,845	\$7,151		\$1,398	\$28,394
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits		\$25,300			\$25,300
342 Unearned Revenue	\$1,469	\$26,446			\$27,915
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other		\$9,027		\$2,935	\$11,962
347 Inter Program - Due To		\$48,991			\$48,991
348 Loan Liability - Current					
310 Total Current Liabilities	\$31,226	\$127,858	\$0	\$17,686	\$176,770
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other		\$2,433,616			\$2,433,616
354 Accrued Compensated Absences - Non Current	\$12,363	\$6,745		\$1,521	\$20,629
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$12,363	\$2,440,361	\$0	\$1,521	\$2,454,245
300 Total Liabilities	\$43,589	\$2,568,219	\$0	\$19,207	\$2,631,015
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$99,106	\$1,948,858		\$1,479,706	\$3,527,670
511.4 Restricted Net Position	\$23,946		\$81,827		\$105,773
512.4 Unrestricted Net Position	\$526,335	\$802,974	\$0	\$1,302,403	\$2,631,712
513 Total Equity - Net Assets / Position	\$649,387	\$2,751,832	\$81,827	\$2,782,109	\$6,265,155
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$692,976	\$5,320,051	\$81,827	\$2,801,316	\$8,896,170

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
111 Cash - Unrestricted		\$2,027,584
112 Cash - Restricted - Modernization and Development		\$0
113 Cash - Other Restricted		\$105,773
114 Cash - Tenant Security Deposits		\$25,300
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$0	\$2,158,657
121 Accounts Receivable - PHA Projects		\$44,080
122 Accounts Receivable - HUD Other Projects		
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous		\$217,203
126 Accounts Receivable - Tenants		\$3,275
126.1 Allowance for Doubtful Accounts - Tenants		-\$1,282
126.2 Allowance for Doubtful Accounts - Other		-\$35,264
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		\$4,168
128.1 Allowance for Doubtful Accounts - Fraud		-\$2,084
129 Accrued Interest Receivable		\$11
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$230,107
131 Investments - Unrestricted		\$327,360
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets		\$11,191
143 Inventories		\$9,486
143.1 Allowance for Obsolete Inventories		-\$908

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
144 Inter Program Due From	-\$48,991	\$0
145 Assets Held for Sale		
150 Total Current Assets	-\$48,991	\$2,735,893
161 Land		\$3,472,960
162 Buildings		\$8,245,895
163 Furniture, Equipment & Machinery - Dwellings		\$51,462
164 Furniture, Equipment & Machinery - Administration		\$301,787
165 Leasehold Improvements		
166 Accumulated Depreciation		-\$6,111,599
167 Construction in Progress		\$781
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$5,961,286
171 Notes, Loans and Mortgages Receivable - Non-Current		\$150,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past		
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$0	\$6,111,286
200 Deferred Outflow of Resources		
290 Total Assets and Deferred Outflow of Resources	-\$48,991	\$8,847,179
311 Bank Overdraft		

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
312 Accounts Payable <= 90 Days		\$31,087
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable		\$3,121
322 Accrued Compensated Absences - Current Portion		\$28,394
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		
341 Tenant Security Deposits		\$25,300
342 Unearned Revenue		\$27,915
343 Current Portion of Long-term Debt - Capital		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other		\$11,962
347 Inter Program - Due To	-\$48,991	\$0
348 Loan Liability - Current		
310 Total Current Liabilities	-\$48,991	\$127,779
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other		\$2,433,616
354 Accrued Compensated Absences - Non Current		\$20,629
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities		

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
350 Total Non-Current Liabilities	\$0	\$2,454,245
300 Total Liabilities	-\$48,991	\$2,582,024
400 Deferred Inflow of Resources		
508.4 Net Investment in Capital Assets		\$3,527,670
511.4 Restricted Net Position		\$105,773
512.4 Unrestricted Net Position		\$2,631,712
513 Total Equity - Net Assets / Position	\$0	\$6,265,155
600 Total Liabilities, Deferred Inflows of Resources and Equity -	-\$48,991	\$8,847,179

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
70300 Net Tenant Rental Revenue		\$866,323			\$866,323
70400 Tenant Revenue - Other		\$2,259			\$2,259
70500 Total Tenant Revenue	\$0	\$868,582	\$0	\$0	\$868,582
70600 HUD PHA Operating Grants	\$11,880,094				\$11,880,094
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$140	\$1,840		\$495	\$2,475
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$12,878				\$12,878
71500 Other Revenue	\$373,251	\$271,447		\$373,765	\$1,018,463
71600 Gain or Loss on Sale of Capital Assets				-\$50,956	-\$50,956
72000 Investment Income - Restricted					
70000 Total Revenue	\$12,266,363	\$1,141,869	\$0	\$323,304	\$13,731,536
91100 Administrative Salaries	\$524,713	\$131,808		\$23,503	\$680,024

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
91200 Auditing Fees	\$8,925	\$5,100		\$2,975	\$17,000
91300 Management Fee		\$55,665			\$55,665
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$602	\$270			\$872
91500 Employee Benefit contributions - Administrative	\$177,791	\$36,062		\$6,277	\$220,130
91600 Office Expenses	\$194,073	\$28,956		\$10,400	\$233,429
91700 Legal Expense				\$31,771	\$31,771
91800 Travel	\$15,642	\$2,909		\$8,320	\$26,871
91810 Allocated Overhead					
91900 Other	\$39,182	\$9,600		\$78,596	\$127,378
91000 Total Operating - Administrative	\$960,928	\$270,370	\$0	\$161,842	\$1,393,140
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs		\$36			\$36
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other		\$6,320			\$6,320
92500 Total Tenant Services	\$0	\$6,356	\$0	\$0	\$6,356
93100 Water		\$19,440		\$5,443	\$24,883
93200 Electricity		\$22,068		\$20,175	\$42,243
93300 Gas		\$7,391			\$7,391
93400 Fuel					
93500 Labor					
93600 Sewer		\$25,812		\$1,924	\$27,736
93700 Employee Benefit Contributions - Utilities					

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$74,711	\$0	\$27,542	\$102,253
94100 Ordinary Maintenance and Operations - Labor		\$132,099		\$14,143	\$146,242
94200 Ordinary Maintenance and Operations - Materials and	\$1,535	\$62,763		\$7,542	\$71,840
94300 Ordinary Maintenance and Operations Contracts	\$2,988	\$121,515		\$33,410	\$157,913
94500 Employee Benefit Contributions - Ordinary Maintenance		\$61,737		\$6,877	\$68,614
94000 Total Maintenance	\$4,523	\$378,114	\$0	\$61,972	\$444,609
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs		\$6,595		\$4,773	\$11,368
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$6,595	\$0	\$4,773	\$11,368
96110 Property Insurance	\$4,689	\$7,547		\$3,868	\$16,104
96120 Liability Insurance	\$165	\$266		\$136	\$567
96130 Workmen's Compensation	\$2,169	\$3,214		\$1,750	\$7,133
96140 All Other Insurance	\$1,460	\$2,339		\$1,211	\$5,010
96100 Total Insurance Premiums	\$8,483	\$13,366	\$0	\$6,965	\$28,814
96200 Other General Expenses	\$16,188	\$1,579		\$8,963	\$26,730
96210 Compensated Absences	\$43,489	\$18,434		\$3,176	\$65,099
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents		\$689			\$689
96500 Bad debt - Mortgages					

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
96600 Bad debt - Other	\$29,797				\$29,797
96800 Severance Expense					
96000 Total Other General Expenses	\$89,474	\$20,702	\$0	\$12,139	\$122,315
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,063,408	\$770,214	\$0	\$275,233	\$2,108,855
97000 Excess of Operating Revenue over Operating Expenses	\$11,202,955	\$371,655	\$0	\$48,071	\$11,622,681
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$10,894,223				\$10,894,223
97350 HAP Portability-In	\$331,728				\$331,728
97400 Depreciation Expense	\$23,564	\$159,413		\$69,669	\$252,646
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$12,312,923	\$929,627	\$0	\$344,902	\$13,587,452
10010 Operating Transfer In					
10020 Operating transfer Out				\$257,500	\$257,500
		-\$257,500			-\$257,500

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	-\$257,500	\$0	\$257,500	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$46,560	-\$45,258	\$0	\$235,902	\$144,084
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$695,947	\$2,797,090	\$81,827	\$2,546,207	\$6,121,071
11040 Prior Period Adjustments, Equity Transfers and Correction					
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					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity	\$625,441				\$625,441
11180 Housing Assistance Payments Equity	\$23,946				\$23,946

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal
11190 Unit Months Available	18352	1728			20080
11210 Number of Unit Months Leased	18046	1601			19647
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
70300 Net Tenant Rental Revenue		\$866,323
70400 Tenant Revenue - Other		\$2,259
70500 Total Tenant Revenue	\$0	\$868,582
70600 HUD PHA Operating Grants		\$11,880,094
70610 Capital Grants		
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees		
70700 Total Fee Revenue	\$0	\$0
70800 Other Government Grants		
71100 Investment Income - Unrestricted		\$2,475
71200 Mortgage Interest Income		
71300 Proceeds from Disposition of Assets Held for Sale		
71310 Cost of Sale of Assets		
71400 Fraud Recovery		\$12,878
71500 Other Revenue	-\$55,665	\$962,798
71600 Gain or Loss on Sale of Capital Assets		-\$50,956
72000 Investment Income - Restricted		
70000 Total Revenue	-\$55,665	\$13,675,871
91100 Administrative Salaries		\$680,024
91200 Auditing Fees		\$17,000

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
91300 Management Fee	-\$55,665	\$0
91310 Book-keeping Fee		
91400 Advertising and Marketing		\$872
91500 Employee Benefit contributions - Administrative		\$220,130
91600 Office Expenses		\$233,429
91700 Legal Expense		\$31,771
91800 Travel		\$26,871
91810 Allocated Overhead		
91900 Other		\$127,378
91000 Total Operating - Administrative	-\$55,665	\$1,337,475
92000 Asset Management Fee		
92100 Tenant Services - Salaries		
92200 Relocation Costs		\$36
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other		\$6,320
92500 Total Tenant Services	\$0	\$6,356
93100 Water		\$24,883
93200 Electricity		\$42,243
93300 Gas		\$7,391
93400 Fuel		
93500 Labor		
93600 Sewer		\$27,736
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
93000 Total Utilities	\$0	\$102,253
94100 Ordinary Maintenance and Operations - Labor		\$146,242
94200 Ordinary Maintenance and Operations - Materials and		\$71,840
94300 Ordinary Maintenance and Operations Contracts		\$157,913
94500 Employee Benefit Contributions - Ordinary Maintenance		\$68,614
94000 Total Maintenance	\$0	\$444,609
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs		\$11,368
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$0	\$11,368
96110 Property Insurance		\$16,104
96120 Liability Insurance		\$567
96130 Workmen's Compensation		\$7,133
96140 All Other Insurance		\$5,010
96100 Total Insurance Premiums	\$0	\$28,814
96200 Other General Expenses		\$26,730
96210 Compensated Absences		\$65,099
96300 Payments in Lieu of Taxes		
96400 Bad debt - Tenant Rents		\$689
96500 Bad debt - Mortgages		
96600 Bad debt - Other		\$29,797

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
96800 Severance Expense		
96000 Total Other General Expenses	\$0	\$122,315
96710 Interest of Mortgage (or Bonds) Payable		
96720 Interest on Notes Payable (Short and Long Term)		
96730 Amortization of Bond Issue Costs		
96700 Total Interest Expense and Amortization Cost	\$0	\$0
96900 Total Operating Expenses	-\$55,665	\$2,053,190
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$11,622,681
97100 Extraordinary Maintenance		
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments		\$10,894,223
97350 HAP Portability-In		\$331,728
97400 Depreciation Expense		\$252,646
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	-\$55,665	\$13,531,787
10010 Operating Transfer In	-\$257,500	\$0
10020 Operating transfer Out	\$257,500	\$0
10030 Operating Transfers from/to Primary Government		

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
10040 Operating Transfers from/to Component Unit		
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss		
10080 Special Items (Net Gain/Loss)		
10091 Inter Project Excess Cash Transfer In		
10092 Inter Project Excess Cash Transfer Out		
10093 Transfers between Program and Project - In		
10094 Transfers between Project and Program - Out		
10100 Total Other financing Sources (Uses)	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$0	\$144,084
11020 Required Annual Debt Principal Payments		\$0
11030 Beginning Equity		\$6,121,071
11040 Prior Period Adjustments, Equity Transfers and Correction		
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		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity		\$625,441
11180 Housing Assistance Payments Equity		\$23,946
11190 Unit Months Available		20080

Denton Housing Authority (TX392)

Denton, TX

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2016

	ELIM	Total
11210 Number of Unit Months Leased		19647
11270 Excess Cash		
11610 Land Purchases		
11620 Building Purchases		
11630 Furniture & Equipment - Dwelling Purchases		
11640 Furniture & Equipment - Administrative Purchases		
11650 Leasehold Improvements Purchases		
11660 Infrastructure Purchases		
13510 CFFP Debt Service Payments		
13901 Replacement Housing Factor Funds		