



July 31, 2020

To the Board of Commissioners of
St. Louis Housing Authority

We have audited the financial statements of St. Louis Housing Authority (the Housing Authority) for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 13, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Housing Authority are described in Note A to the financial statements. Management has adopted new accounting policies related to the adoption of new accounting pronouncements: GASB Statement No. 83, and 88 and are described in Note A to the financial statements. The application of existing policies was not changed during 2019. We noted no transactions entered into by the Housing Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Housing Authority's financial statements were:

Management's estimate of the uncollectible allowance for accounts receivable is based on historical collection rates, and management's estimate of the discounted value of notes receivable is based on the present value of notes receivable calculated using reasonable discount rates. Also, management's estimate of depreciation expense is based on the lives of the capital assets.

We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 31, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Housing Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Housing Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the financial data schedule, the statement and certification of actual modernization cost certificates, and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the Housing Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Hayes & Associates, L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska

July 31, 2020

Hayes & Associates, L.L.C.
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Omaha, Nebraska 68114



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This representation letter is provided in connection with your audit of the financial statements of St. Louis Housing Authority (the Housing Authority) as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of July 31, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 13, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) Guarantees, whether written or oral, under which the Housing Authority is contingently liable, if any, have been properly recorded or disclosed.
- 10) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 11) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Capital assets do not appear to be impaired. Impairment loss and insurance recoveries have been properly recorded.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- d) Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) The Housing Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and

debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) In regards to the preparation of the Housing Authority's financial statements, schedule of federal expenditures, and other nonattest services performed by you, we have:
 - a) Made all management decisions and performed all management functions.
 - b) Designated an individual with suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Reviewed, approved, and accepted responsibility for the results of the services.
- 26) The Housing Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The Housing Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 29) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 30) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 31) Investments are properly valued.
- 32) Provisions for uncollectible receivables have been properly identified and recorded.

- 33) Expenses have been appropriately classified in or allocated to functions allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 36) Deposits are properly classified as to risk and are properly disclosed.
- 37) Capital assets are properly capitalized, reported, and, if applicable, depreciated.
- 38) We have appropriately disclosed the Housing Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) With respect to the supplementary information:
 - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

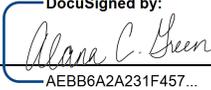
Federal Award Programs

42) With respect to federal award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of *Title 2 U.S. Code of Regulations (CFR) Part 200, Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
- q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- r) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s) We have charged costs to federal awards in accordance with applicable cost principles.

- t) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- u) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- w) We have disclosed to you all contracts or agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature:  7/30/2020
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Title: Executive Director

Client: **00919 - St. Louis Housing Authority**
 Engagement: **AU 2019 - St. Louis Housing Authority**
 Period Ending: **9/30/2019**
 Trial Balance: **0400 - TB**
 Workpaper: **0421 - Adjusting Journal Entries Report.**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1001		0428		
To correct cy and py related party balances between Kingsbury and SLHA				
661-113100-000000-000-661	DISCOUNT NOTES / AMORTIZATION		384,344.00	
661-115842-000000-000-661	KINGSBURY ASSOC LP-LOAN INT		1,192,802.00	
680-113100-000000-000-180	DISCOUNT NOTES / AMORTIZATION		1,338,760.00	
661-280600-000000-000-661	FUND BAL/RETAINED EARNINGS			347,594.00
661-280600-000000-000-661	FUND BAL/RETAINED EARNINGS			1,068,419.00
661-361001-000000-000-661	KINGSBURY ASSOC LP-INTEREST			124,383.00
661-480100-000000-000-661	AMORTIZATION EXPENSE			36,750.00
680-280600-000000-000-180	FUND BAL/RETAINED EARNINGS			1,210,751.00
680-480100-000000-000-180	AMORTIZATION EXPENSE			128,009.00
Total			<u>2,915,906.00</u>	<u>2,915,906.00</u>
Adjusting Journal Entries JE # 1002		0426		
East Lake audit adjustmnets				
634-111111-000000-357-340	CASH - PRIVATE MGT		5,382.00	
652-112200-000000-357-520	ACCOUNTS REC. - TENANTS		278.00	
634-213500-000000-357-340	ACCRUED SALARIES & WAGES			5,382.00
652-211905-000000-357-520	PREPAID RENT			278.00
Total			<u>5,660.00</u>	<u>5,660.00</u>

Client: **St. Louis Housing Authority**
Engagement: **St. Louis Housing Authority**
Period Ending: **9/30/2019**
Workpaper: **Reclassifying Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Reclassifying Journal Entries JE # 2001		0424		
PBC entry to adjust Capitial grant operating portions to operating grants				
548-802900-000000-000-000	HUD GRANT FUNDS		30,028.00	
557-802900-000000-000-000	HUD GRANT FUNDS		1,849,949.00	
558-802900-000000-000-000	HUD GRANT FUNDS		328.00	
559-802900-000000-000-000	HUD GRANT FUNDS		163,088.00	
562-802900-000000-000-000	HUD GRANT FUNDS		964,582.00	
563-802900-000000-000-000	CFP MO36-P001-501-19-HUD GRANT		45,944.00	
548-802900-000000-000-000-2	HUD Grant funds(op)			30,028.00
557-802900-000000-000-000-2	HUD Grant funds(op)			1,849,949.00
558-802900-000000-000-000-2	HUD Grant funds(op)			328.00
559-802900-000000-000-000-2	HUD Grant funds(op)			163,088.00
562-802900-000000-000-000-2	HUD Grant funds(op)			964,582.00
563-802900-000000-000-000-2	CFP MO36-P001-501-19-HUD Grant			45,944.00
Total			3,053,919.00	3,053,919.00
Reclassifying Journal Entries JE # 2002		2504		
RJE 2002 to reclass lease payments recorded to expense to offset liability.				
600-212904-000000-000-400	SLHA -SOLAR LEASE OBLIGATION		8,010.00	
600-212904-000343-000-400	SOLAR LOAN PAYABLES-CURRENT		14,627.00	
652-212904-000000-000-520	SOLAR LOAN PANELS		2,707.00	
652-212904-000343-000-520	SOLAR LOAN PANELS -CURRENT		5,473.00	
600-212904-000000-000-400-2	SLHA -SOLAR LEASE OBLIGATION			14,627.00
600-419036-000000-000-400	SLHA-CAPITAL LEASE EXPENSE			8,010.00
652-212904-000000-000-520	SOLAR LOAN PANELS			5,473.00
653-419036-000000-000-520	LEASE EXP-SOLAR PANELS			2,707.00
Total			30,817.00	30,817.00
Reclassifying Journal Entries JE # 2003		0427		
Habitat Audit Adjustments				
610-213900-000000-357-100	ACCRUED LIAB. - OTHER		13,208.00	
617-213900-000000-357-170	ACCRUED LIAB. - OTHER		8,046.00	
619-213900-000000-357-190	ACCRUED LIAB. - OTHER		20,351.00	
628-213900-000000-357-280	ACCRUED LIAB. - OTHER		7,226.00	
632-213900-000000-357-132	ACCRUED LIAB. - OTHER		9,487.00	
610-211102-000000-357-100	A/P PRIVATE MGT			13,208.00
617-211102-000000-357-170	A/P PRIVATE MGT			8,046.00
619-211102-000000-357-190	A/P PRIVATE MGT			20,351.00
628-211102-000000-357-280	A/P PRIVATE MGT			7,226.00
632-211102-000000-357-132	A/P PRIVATE MGT			9,487.00
Total			58,318.00	58,318.00