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HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2009

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

Release Date 6/30/10

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

We were engaged to audit the accompanying statements of net assets- enterprise fund and the related statements of revenues, expenses and changes in fund net assets and cash flows- enterprise fund of the **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2009. These financial statements are the responsibility of **the Authority's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

On August 29, 2005, the impact of Hurricane Katrina resulted in the near total loss of the Washington Heights Section of the rental units and office building of **the Authority**. Also, certain documents such as canceled checks, invoices, landlord payment registers, waiting list, program participant files, capital assets detail, etc., (from inception through August 29, 2005) were either partially or completely destroyed.

The Authority was able to maintain its general ledger and other program data as its computer system is managed remotely by a service provider. Subsequent to the referenced event, **the Authority** initiated the re-construction of its accounting and program records. Because of the nature of **the Authority's** accounting records coupled with the lack of effective controls relative to the processing, accumulating, recording, analyzing and resulting preparation of financial statements to include the inability of **the Authority** to apply the requirements of Governmental Accounting Standards Boards (GASB) Statement No. 42 (Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries), we were unable to apply sufficient auditing procedures to capital assets regarding the requirements of GASB 42 and the complete and appropriate classification of revenues, expenses and net assets.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana
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As discussed in the previous paragraphs, because we were unable to apply sufficient auditing procedures to capital assets and the complete and appropriate classification of total revenues, expenses and net assets, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance, significant deficiencies and material weaknesses.

The management's discussion and analysis on pages 3 through 12 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 30, 2010



**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of **Housing Authority of the City of Slidell (the Authority)**, we offer readers of **the Authority's** financial statements this narrative overview and analysis of the financial activities of **the Authority** for the fiscal year ended March 31, 2009. We encourage readers to consider the information presented here in conjunction with **the Authority's** accompanying financial statements.

FINANCIAL HIGHLIGHTS

The assets of **the Authority** exceeded its liabilities by \$ 9,453,059 and \$8,446,001 at March 31, 2009 and 2008 (*net assets*). Of these amounts, \$4,636,658 and \$3,221,313 at March 31, 2009 and 2008 (*unrestricted net assets*) may be used to meet **the Authority's** ongoing obligations to citizens and creditors.

Restricted net assets were \$1,289,573 and 1,679,204 at March 31, 2009 and 2008. The restricted net assets are reserved for future housing assistance payments.

The Authority's enterprise fund reported net assets of \$9,543,059 and 8,446,001 at March 31, 2009 and 2008, an increase in net assets of \$1,097,058 at 2009 and a decrease of \$1,978,651 at 2008. These changes are primarily attributable to the financial impact of HUD's funding levels and changes in operating income.

The Authority had total operating revenues of \$88,877 and \$109,328 for the years ended March 31, 2009 and 2008, subsidies and capital grant revenues were \$4,903,510 and \$3,601,382 and non-operating revenues of \$26,004 and \$93,593. Total operating expenses for the years ended March 31, 2009 and 2008 were \$3,556,253 and \$1,931,566.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL HIGHLIGHTS, CONTINUED

In summary, grants and subsidies from the Federal government constitutes 99% for 2009 97% for 2008 of the **Authority's** non-operating revenues with dwelling income accounting for 100% of its operating revenues for the years ended March 31, 2009 and 2008.

The Authority continues to operate without the need for debt borrowings through the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to the **Authority's** basic financial statements. **The Authority's** basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. **The Authority** is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, April 1, 2004, **the Authority** adopted *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

REPORTING ON THE AUTHORITY AS A WHOLE

One of the most important questions asked about **the Authority's** finances, "Is **the Authority** as a whole better off, or worse off, as a result of the achievements of fiscal years 2009 and 2008?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about **the Authority** as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FUND FINANCIAL STATEMENT

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. **The Authority**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. **The Authority** has three federally funded programs that are consolidated into a single enterprise fund.

Low Rent Public Housing Program - **The Authority's** Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable **the Authority** to provide housing at a rent that is based upon 30% of adjusted gross household income of the participant.

Section 8 Housing Assistance - Housing Choice Voucher Program - The Housing Choice Voucher Program assist low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. **The Authority** is paid by HUD to administer the program.

Disaster Housing Assistance Program - This program provides transitional housing for families impacted by events caused by hurricane storms.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for **the Authority's** physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of **the Authority's** units.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

USING THIS ANNUAL REPORT

The Authority's annual report consists of financial statements that show information about **the Authority's** enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is disclaimed with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON THE AUTHORITY'S MOST SIGNIFICANT FUND

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

The Authority's enterprise fund used the following accounting approach:

Proprietary Funds - All of **The Authority's** services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS

The Authority's net assets were \$9,453,059 and \$8,446,001 at March 31, 2009 and 2008. Of this amount, \$4,636,658 and \$3,221,313 was unrestricted. The unrestricted net assets of the Authority are available for future use to provide program services. The restricted net assets of \$1,289,573 and \$1,679,204 at March 31, 2009 and 2008, respectively are reserved for future housing assistance payments.

**Table 1
Condensed Statement of Net Assets**

The following table represents a condensed Statement of Net Assets as of March 31, 2009 and 2008:

Condensed Statement of Net Assets		
March 31		
<u>Assets</u>		
	<u>2009</u>	<u>2008</u>
Current assets	\$ 10,147,667	\$ 8,833,562
Capital assets, net	<u>3,526,828</u>	<u>3,545,484</u>
Total assets	<u>13,674,495</u>	<u>12,379,046</u>
<u>Liabilities</u>		
Current liabilities	<u>4,221,436</u>	<u>3,933,045</u>
Total liabilities	<u>4,221,436</u>	<u>3,933,045</u>
<u>Net Assets</u>		
Net assets:		
Invested in capital assets, net	3,526,828	3,545,484
Restricted	1,289,573	1,679,204
Unrestricted	<u>4,636,658</u>	<u>3,221,313</u>
Total net assets	<u>\$ 9,453,059</u>	<u>\$ 8,446,001</u>

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS, CONTINUED

**Table 2
Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets**

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets for the years ended March 31, 2009 and 2008:

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended March 31**

	<u>2009</u>	<u>2008</u>
Revenues:		
Operating revenues	\$ <u>88,887</u>	\$ <u>109,328</u>
Total operating revenues	<u>88,887</u>	<u>109,328</u>
Expenses:		
Operating expenses	<u>3,556,253</u>	<u>1,931,566</u>
Total operating expenses	<u>3,556,253</u>	<u>1,931,566</u>
Operating loss	<u>(3,467,366)</u>	<u>(1,822,238)</u>
Non-operating revenues:		
Non-operating revenues	<u>4,929,514</u>	<u>3,694,975</u>
Total non-operating revenues	<u>4,929,514</u>	<u>3,694,975</u>
Change in net assets	1,462,148	1,872,737
Beginning net assets, as restated	<u>7,990,911</u>	<u>6,573,264</u>
Ending net assets	<u>\$ 9,453,059</u>	<u>\$ 8,446,001</u>

HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

EXPLANATIONS OF FINANCIAL ANALYSIS

Overall, net assets increased by 13% from 2008 to 2009.

That change is reflected in the increase in cash of about 11%. Also, capital assets additions of \$56,930 was due to the acquisition of equipment and modernization projects.

Compared with prior fiscal year, total operating and non-operating revenues in 2009 increased by \$1,214,098 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues decreased from \$109,328 in 2008 to \$88,887 in 2009 primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments and the impact of hurricane Katrina on August 29, 2005 resulting in the destruction of the Authority's Washington Heights rental units.
- Subsidies from HUD for the PHA Owned and Housing Choice Voucher Programs increased from \$3,601,382 in 2008 to \$4,903,510 in 2009 due to new funding for the Disaster Housing Assistance Program started in late 2007.
- Capital funds for modernization of projects decreased from \$72,746 in 2008 to \$25,000 in 2009 as a result of funding availability from HUD.
- Non-operating revenues other than subsidies and grants decreased from \$93,593 in 2008 to \$26,004 in 2009.

Compared to the prior fiscal year, total operating expenses increased from \$1,931,566 in 2008 to \$3,556,253 for the year ended March 31, 2009.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Reasons for most of these changes are listed below:

- Increase in the level of housing assistance payments to landlords due to the Disaster Housing Assistance Program.
- Inflationary impact on operating expenses (specifically employee compensation and related benefits, utilities, supplies and materials) during the year ended March 31, 2009.

For 2008, net assets decreased by 19%.

The combination of reasons for the change in net assets for 2008 follows:

- Cash and temporary cash investments increased by \$1,948,898 resulting from the level of funding for the Voucher and Disaster Housing Assistance Programs.
- Current liabilities increase by \$3,852,272 by the remaining amount of insurance proceeds from Hurricane Katrina damages reserved for future repairs to its damaged housing units.
- Net assets was adjusted by \$3,851,388 to accommodate the impact of the insurance proceeds as the effect of GASB 42 has not been reflected by **the Authority**.

Compared to 2007, operating revenues decreased from \$127,595 in 2007 to \$109,328 in 2008 due to the level of leased-up resulting from the damages to the Washington Heights housing stock.

Increase in non-operating revenues from \$1,530,990 to \$3,694,975 resulted from additional funding from the Voucher and Disaster Housing Assistance Programs and interest income on available cash.

The corresponding increase in operating expenses for the year ended March 31, 2008 was to accommodate the Disaster Housing Assistance Program expenses and **the Authority's** also employee compensation and related benefits, utilities, supplies and materials.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2009 and 2008, the Authority had \$3,526,828 and \$3,545,484 invested in a broad range of capital assets, including land, buildings and building improvements, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$18,656.

Capital Assets, Net		
March 31		
	<u>2009</u>	<u>2008</u>
Land and land improvements	\$ 779,855	\$ 779,855
Buildings and buildings improvements	4,923,575	4,923,338
Furniture and equipment	<u>228,743</u>	<u>172,052</u>
	5,932,173	5,875,245
Less accumulated depreciation expense	<u>(2,405,345)</u>	<u>(2,329,761)</u>
Total	<u>\$ 3,526,828</u>	<u>\$ 3,545,484</u>

The net change in capital assets of 1% was primarily due to the effects of depreciation expense and write-off of assets net of additions.

See Note 4 for additional information.

No debt was issued for these additions.

Debt

The Authority has no long-term debt at March 31, 2009 and 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD for the funding of its operations; therefore **the Authority** is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year March 31, 2010 has been approval by HUD.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of **the Authority's** finances and to show **the Authority's** accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Marvin V. Butler, Executive Director, at the Housing Authority of the City of Slidell, P.O. Box 1392 Slidell, LA 70459-1392 telephone number (985) 726-9000.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF NET ASSETS- ENTERPRISE FUND
MARCH 31, 2009

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
<u>ASSETS</u>		
Current Assets:		
Cash and temporary cash investments (NOTE 5)	\$ 9,473,004	\$ -0-
Restricted cash (NOTE 6)	4,821	-0-
Amounts receivable, net (NOTE 2)	-0-	-0-
Prepaid items (NOTE 3)	14,103	-0-
Due from other funds, net	<u>655,739</u>	<u>178,100</u>
Total current assets	<u>10,147,667</u>	<u>178,100</u>
Non-current assets:		
Capital assets, net (NOTES 4 and 12)	<u>3,526,828</u>	<u>-0-</u>
Total non-current assets	<u>3,526,828</u>	<u>-0-</u>
Total assets	<u>13,674,495</u>	<u>-0-</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Amounts and other payables (NOTE 7)	4,212,349	-0-
Compensated absences payable (NOTE 13)	4,266	1,100
Security deposits held for tenants (NOTE 6)	<u>4,821</u>	<u>-0-</u>
Total current liabilities	<u>4,221,436</u>	<u>1,100</u>
Non-current liabilities:		
Total non-current liabilities	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>4,221,436</u>	<u>-0-</u>
<u>NET ASSETS</u>		
Net Assets:		
Invested in capital assets, net of related debt	3,526,828	-0-
Restricted	1,289,573	38,859
Unrestricted	<u>4,636,658</u>	<u>138,141</u>
Total net assets	<u>\$ 9,453,059</u>	<u>\$ 177,000</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2009

	PRIMARY UNIT	COMPONENT UNIT
Operating Revenues:		
Dwelling	\$ 88,482	\$ -0-
Fees and charges	405	-0-
Total operating revenues	88,887	-0-
Operating Expenses:		
Salaries and employee benefits	238,805	27,698
Materials and other	8,834	-0-
Contractual services	225,038	14,135
Utilities	10,338	1,077
Depreciation	75,584	-0-
Insurance	119,789	-0-
Housing assistance payments	2,816,078	375,934
Convention and travel	13,177	1,941
Telephone	16,968	1,883
Bad debt expense	1,996	-0-
Payment in lieu of taxes	5,110	-0-
Supplies	12,062	2,588
Postage	3,428	338
Tenant services	458	-0-
Member dues and fees	3,291	298
General	5,297	690
Total operating expenses	3,556,253	426,582
Operating loss	(3,467,366)	(426,582)
Non-operating revenues:		
Grants and subsidies	4,903,510	236,030
Interest income	26,004	-0-
Total non-operating revenues	4,929,514	236,030
Change in net assets	1,462,148	(190,552)
Net assets, beginning of year, as restated	7,990,911	367,552
Net assets, end of year	\$ 9,453,059	\$ 177,000

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2009

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
Cash flows from Operating Activities		
Receipt from tenants	\$ 88,482	\$ -0-
Interest received	26,004	-0-
Receipt of advances	-0-	190,982
Payments to suppliers for goods and services	(541,589)	(22,950)
Payments to employees	(238,805)	(28,128)
Payments to landlords	<u>(2,816,078)</u>	<u>(375,934)</u>
Net cash used by operating activities	<u>(3,481,986)</u>	<u>(236,030)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	<u>(56,930)</u>	<u>-0-</u>
Cash used by capital and related financing activities	<u>(56,930)</u>	<u>-0-</u>
Cash Flows from Noncapital Financing Activities:		
Subsidy from federal government	<u>4,472,430</u>	<u>236,030</u>
Cash provided by noncapital financing activities	<u>4,472,430</u>	<u>236,030</u>
Net increase (decrease) in cash and temporary cash investments	933,514	-0-
Cash, and temporary cash investments, beginning of year	\$ <u>8,544,311</u>	<u>-0-</u>
Cash and temporary cash investments, end of year	\$ <u>9,477,825</u>	\$ <u>-0-</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2009

	<u>PRIMARY</u> <u>UNIT</u>	<u>COMPONENT</u> <u>UNIT</u>
Reconciliation of Operating Loss to Net Cash used by Operating activities:		
Operating loss	\$ (3,467,366)	\$ (426,582)
Adjustments to reconcile operating loss to cash used by Operating activities:		
Depreciation	75,584	-0-
Bad debt expense	1,996	-0-
Changes in net assets and liabilities:		
Decrease in prepaid items	10,430	-0-
Increase in amounts and other payables	298,476	-0-
Decrease (increase) in interprogram due from	(391,021)	190,982
Decrease in payroll taxes payables	(10,085)	-0-
Decrease in compensated absences payable	<u>-0-</u>	<u>(430)</u>
Net cash used by operating activities	<u>\$ (3,481,986)</u>	<u>\$ (236,030)</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Significant Accounting Policies:

General

The Housing Authority of the City of Slidell (the Authority) was created on March 11, 1967, and is governed by a five (5) member Board of Commissioners, all appointed by the Mayor of the City of Slidell, and headed by an Executive Director. The Board and Executive Director are responsible for all activities of **the Authority**. **The Authority** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and City of Slidell.

As of March 31, 2009, **the Authority** was primarily engaged in the administration of Low-Income, Housing Choice Voucher and Disaster Assistance Housing Programs to low-income residents in the City of Slidell and the Town of Pearl River, Louisiana.

Under the Low Rent Public Housing Program, **the Authority** provides housing to eligible families under leasing arrangements. For the "Housing Choice Voucher" Program, (previously titled the Section 8 and Voucher programs) **the Authority** provides funds in the form of rental subsidies to owners on behalf of tenants. The Disaster Assistance Housing Program provides transitional assistance for families impacted by the events of hurricane storm damages. Also, see NOTE 11.

Financial Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity", established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

The Authority was established as a separate legal entity with a governing board which is separate and independent of any other governmental “reporting entity” as defined by GASB 14. Accordingly, management has concluded that **the Authority** is a financial reporting entity within the meaning of the provisions of GASB 14.

Accordingly, **the Authority** is not a component unit of the City of Slidell’s financial reporting entity.

Basis of Presentation

As required by Louisiana State Reporting Law (R.S. 24:514) and HUD regulations, **the Authority’s** financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Specifically, the accounts of **the Authority** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **The Authority** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **The Authority’s** fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Pursuant to GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions), **the Authority** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **The Authority** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by **the Authority** as deferred revenue upon award.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of **the Authority** to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statement level.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

The Authority follows the practice of capitalizing all structures and equipment over \$500.

Structures and equipment are depreciated in the enterprise fund of the Authority using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	20
Equipment	3-7

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, long-lived assets are to be reviewed for impairment. If the sum of the expected future cash flows is less than the carrying value amount of the asset, an impairment loss should be recognized. At March 31, 2009, management has not estimated the effect of adoption of Statement of Financial Accounting Standard No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Compensated Absences

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employee is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets

The Authority prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

The Authority does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by **the Authority's** Board of Commissioners.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Estimates

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

NOTE 2 - Amounts Receivable, Net:

Amounts receivable as of March 31, 2009, consisted of the following:

	<u>Housing Choice Voucher Program</u>
Tenant accounts receivable	\$ 15,547
Less allowance for doubtful accounts	<u>(15,547)</u>
Total	\$ <u>-0-</u>

At March 31, 2009, amount deemed uncollectible was \$15,547.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Prepaid Asset:

Prepaid asset at March 31, 2009, consisted of prepaid insurance of \$14,103.

NOTE 4 - Land, Structures and Equipment:

At March 31, 2009, land, structures and equipment consisted of the following:

<u>Description</u>	<u>Balance</u> <u>April 1, 2008</u>	<u>Addition</u>	<u>Other</u>	<u>Balance</u> <u>March 31, 2009</u>
Land and land improvements	\$ 779,855	\$ -0-	\$ -0-	\$ 779,885
Building and building improvements	4,923,338	237	-0-	4,923,575
Equipment	<u>172,052</u>	<u>56,693</u>	<u>(2)</u>	<u>228,743</u>
	5,875,245	56,930	(2)	5,932,173
Less accumulated depreciation	<u>(2,329,761)</u>	<u>(75,584)</u>	<u>-0-</u>	(2,405,345)
Total	<u>\$ 3,545,484</u>	<u>\$ (18,654)</u>	<u>\$ (2)</u>	<u>\$ 3,526,828</u>

NOTE 5 - Cash and Temporary Cash Investment:

At March 31, 2009, the carrying amount of the Authority's deposits was \$9,473,004 and the bank balance was \$9,502,649. Of this amount \$100,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities in the joint name of the Authority at 102% of the market value of the securities provided as collateral.

Custodial credit risk is the risk that, in the event of a failure by the financial institution the Authority's deposits may not be returned to it. The Authority has no deposit policy for custodial credit risk; however, none of the Authority's bank balances were exposed to custodial credit risk, since the pledged securities were in the joint name of the Authority and the financial institution.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment, Continued:

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits in banks of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

On and at various times during the year ended March 31, 2009, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

At March 31, 2009, cash and temporary cash investment consisted of the following:

	<u>Low Rent Public Housing Program</u>	<u>Interest Rate at Maturity</u>	<u>Maturity</u>
Demand deposits	\$ 30,534	N/A	N/A
Sweep account	5,222,019	5.65%	Daily
Savings account	<u>4,220,451</u>		
Total	<u>\$ 9,473,004</u>		

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Restricted Cash:

At March 31, 2009, restricted cash consisted of \$4,821 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

NOTE 7 - Amounts and Other Payables:

Amounts and other payables at March 31, 2009, consisted of the following:

	<u>PHA Owned Housing Program</u>
HUD	\$ 12,949
Reserve for Hurricane Katrina Repairs	<u>4,199,400</u>
Total	<u>\$ 4,212,349</u>

NOTE 8 - Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; for which **the Authority** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 9 - Concentration of Credit Risk:

The Authority receives primarily all of its revenues from dwelling rental and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rental and HUD, falls below contract levels, **the Authority's** operating results could be adversely affected.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Contingencies:

The Authority is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **the Authority**. These examinations may result in required refunds by **the Authority** to the agencies and/or program beneficiaries.

NOTE 11 - Management of Pearl River Housing Choice Voucher Program:

In an agreement dated April 14, 1999, **the Authority** was engaged by the Town of Pearl River to provide administrative services related to the Housing Choice Voucher Program (previously titled Section 8 Housing Program) in the unincorporated areas within any municipality that does not operate its own Section 8 Housing Program and for the benefit of the Town of Pearl River. Those administrative services include any and all administrative services necessary to operate the Housing Choice Voucher Program, including but not limited to, the administration of all vouchers associated with housing programs, all budgetary matters, and the preparation of all reports. The agreement between **the Authority** and Town of Pearl River terminated on March 31, 2000. **The Authority** and the Town of Pearl River have agreed and submitted to HUD a resolution to facilitate the absorption of the program into **the Authority's** program. Approval from HUD is currently pending.

NOTE 12 - Commitments:

At March 31, 2009, **the Authority** has executed agreements with HUD totaling \$1,094,189 for various modernization, capital fund acquisitions and management improvement projects. Balance of funds remaining at March 31, 2009 was \$976,453 (See Schedules IV and V).

NOTE 13 - Compensated Absences Payable:

Compensated absences payable at March 31, 2009 of \$4,266 represents unpaid accrued vacation by earned employees.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - Per Diem to Board Members:

During the year ended March 31, 2008, no board member received per diem in his or her capacity as a commissioner.

NOTE 15 - Restricted Net Assets:

Restricted net assets at March 31, 2008 consist of funds reserved for future housing assistance payments and administrative fee expenses.

NOTE 16 - Hurricane Katrina:

Management of **the Authority** continues in its effort to reconstruct its accounting and program records destroyed on August 29, 2005 by the impact of Hurricane Katrina.

Additionally, the renovation to its damaged housing stock continues at the Washington Heights location which is also off its rent roll. However, HUD continues to provide operating subsidy to **the Authority**.

NOTE 17 - Restatement of Beginning Net Assets:

Net assets at the beginning of the year has been restated to properly classify unrestricted net assets for unrecorded insurance proceeds.

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Our report on our audit of the March 31, 2009, financial statements of **Housing Authority of the City of Slidell (the Authority)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements. Because of the substantial destruction of **the Authority's** records resulting from the impact of hurricane Katrina on August 29, 2005, coupled with the lack of effective controls relative to the processing, accumulating, recording, analyzing and resulting preparation of financial statements, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the Schedule of Expenditures of Federal Awards in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, IV and V) which is required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Because of the significance of the matters previously described, we are unable to express, and we do not express an opinion on Schedules II, III, IV and V in the relation to the financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

Also, the supplementary information (Exhibits I and II), which are prepared in accordance with accounting principles generally accepted in the United States of America, has been subjected to the procedures applied in the audit of the financial. Because of the significance of the matters previously described, we are unable to express, and we do not express an opinion on Exhibits I and II of the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 30, 2010

EXHIBIT I

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF NET ASSETS—ENTERPRISE FUND
MARCH 31, 2009**

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
ASSETS							
Cash	\$ 9,473,004	\$ -0-	\$ 9,473,004	\$ -0-	\$ -0-	\$ -0-	\$ 9,473,004
Restricted cash	4,821	-0-	4,821	-0-	-0-	-0-	4,821
Amounts receivable-net	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Prepaid item	14,103	-0-	14,103	-0-	-0-	-0-	14,103
Due from other funds	1,609,050	-0-	1,609,050	2,250,974	1,289,573	3,540,547	5,149,597
Capital assets, net	3,516,828	10,000	3,526,828	-0-	-0-	-0-	3,526,828
Total assets	14,617,806	10,000	14,627,806	2,250,974	1,289,573	3,540,547	18,168,353
LIABILITIES							
Liabilities							
Amounts and other payables	4,212,349	-0-	4,212,349	-0-	-0-	-0-	4,212,349
Compensated absences payable	2,469	-0-	2,469	1,797	-0-	1,797	4,266
Security deposits held for tenants	4,821	-0-	4,821	-0-	-0-	-0-	4,821
Due to other funds	2,975,261	-0-	2,975,261	1,518,597	-0-	1,518,597	4,493,858
Total liabilities	7,194,900	-0-	7,194,900	1,520,394	-0-	1,520,394	8,715,294
Net Assets							
Invested in capital assets, net		10,000	3,526,828	-0-	-0-	-0-	3,526,828
Restricted	-0-	-0-	-0-	-0-	1,289,573	1,289,573	1,289,573
Unrestricted	3,926,078	-0-	3,906,078	730,580	-0-	730,580	4,626,658
Total net assets	\$ 7,422,906	\$ 10,000	\$ 7,432,906	\$ 730,580	\$ 1,289,573	\$ 2,020,153	\$ 9,453,059

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA**
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2009

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
Operating Revenues:							
Dwelling	\$ 88,482	\$ -0-	\$ 88,482	\$ -0-	\$ -0-	\$ -0-	\$ 88,482
Fees and charges	405	-0-	405	-0-	-0-	-0-	405
Total operating revenues	<u>88,887</u>	<u>-0-</u>	<u>88,887</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>88,887</u>
Operating Expenses:							
Salaries and employee benefits	175,408	-0-	175,408	50,974	12,423	63,397	238,805
Materials and other	8,834	-0-	8,834	-0-	-0-	-0-	8,834
Contractual services	95,820	-0-	95,820	22,820	106,398	129,218	225,038
Utilities	10,338	-0-	10,338	-0-	-0-	-0-	10,338
Depreciation	75,584	-0-	75,584	-0-	-0-	-0-	75,584
Insurance	119,296	-0-	119,296	493	-0-	493	119,789
Housing assistance payments Convention and travel	-0-	-0-	-0-	1,478,495	1,337,583	2,816,078	2,816,078
Telephone	10,249	-0-	10,249	2,928	-0-	2,928	13,177
Bad debt expense	13,197	-0-	13,197	3,771	-0-	3,771	16,968
Payment in lieu of taxes	1,996	-0-	1,996	-0-	-0-	-0-	1,996
Supplies	5,110	-0-	5,110	-0-	-0-	-0-	5,110
Postage	6,135	-0-	6,135	5,927	-0-	5,927	12,062
Tenant services	2,666	-0-	2,666	762	-0-	762	3,428
Member dues and fees	356	-0-	356	102	-0-	102	458
General	2,560	-0-	2,560	731	-0-	731	3,291
Total operating expenses	<u>531,184</u>	<u>-0-</u>	<u>531,184</u>	<u>1,568,665</u>	<u>1,456,404</u>	<u>3,025,069</u>	<u>3,556,253</u>
Operating loss	<u>(442,297)</u>	<u>-0-</u>	<u>(442,297)</u>	<u>(1,568,665)</u>	<u>(1,456,404)</u>	<u>(3,025,069)</u>	<u>(3,467,366)</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS-- ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

	Operating Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
Non-operating revenues:							
Grants and subsidies	\$ 525,305	\$ 25,000	\$ 550,305	\$ 2,685,620	\$ 1,667,585	\$ 4,353,205	\$ 4,903,510
Interest income	<u>26,004</u>	<u>-0-</u>	<u>26,004</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>26,004</u>
Total non-operating revenues	<u>551,309</u>	<u>25,000</u>	<u>576,309</u>	<u>2,685,620</u>	<u>1,667,585</u>	<u>4,353,205</u>	<u>4,929,514</u>
Other financing sources (uses):							
Operating transfer in	15,000	-0-	15,000	-0-	-0-	-0-	15,000
Operating transfer out	<u>-0-</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(15,000)</u>
Total financing sources (uses)	<u>15,000</u>	<u>(15,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in net assets	124,012	10,000	134,012	1,116,955	211,181	1,328,136	1,462,148
Net assets, beginning of year, as restated	<u>7,298,894</u>	<u>-0-</u>	<u>7,298,894</u>	<u>(386,375)</u>	<u>1,078,392</u>	<u>692,017</u>	<u>7,990,911</u>
Net assets, end of year	<u>\$ 7,422,906</u>	<u>\$ 10,000</u>	<u>\$ 7,432,906</u>	<u>\$ 730,580</u>	<u>\$ 1,289,573</u>	<u>\$ 2,020,153</u>	<u>\$ 9,453,059</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2009

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
<u>Subject to Annual Contributions Contracts</u>		
PHA owned Housing Program	14.850a	\$ 525,305
Housing Choice Voucher Program	14.871	1,568,665
Capital Fund Program	14.872	25,000
Disaster Housing Assistance Program	97.036	<u>1,456,404</u>
Total		<u>\$ 3,575,374</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Authority and is presented on an accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
MARCH 31, 2009

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
111	Cash - unrestricted	\$ 9,473,004	\$ -0-	\$ 9,473,004
114	Cash - tenant security deposits	<u>4,821</u>	<u>-0-</u>	<u>4,821</u>
100	Total cash	<u>9,477,825</u>	<u>-0-</u>	<u>9,477,825</u>
125	Accounts receivable - miscellaneous	-0-	15,547	15,547
126	Accounts receivable - tenants dwelling rents	-0-	-0-	-0-
126.1	Allowance for doubtful accountants-tenants	<u>-0-</u>	<u>(15,547)</u>	<u>(15,547)</u>
	Total receivables, net of allowance allowances for doubtful accounts	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2009

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
142	Prepaid expenses and other assets	\$ 14,103	\$ -0-	\$ 14,103
144	Interprogram due from	<u>1,609,950</u>	<u>3,540,547</u>	<u>5,149,597</u>
150	Total current assets	<u>11,100,978</u>	<u>3,540,547</u>	<u>14,641,525</u>
161	Land	779,855	-0-	779,855
162	Buildings	4,923,575	-0-	4,923,575
163	Furniture, equipment and machinery-dwellings	47,605	-0-	47,605
164	Furniture, equipment and machinery-administration	181,138	-0-	181,138
166	Accumulated depreciation	<u>(2,405,345)</u>	<u>-0-</u>	<u>(2,405,345)</u>
160	Total capital assets, net of accumulated depreciation	<u>3,526,828</u>	<u>-0-</u>	<u>3,526,828</u>
180	Total non-current assets	<u>3,526,828</u>	<u>-0-</u>	<u>3,526,828</u>
190	Total assets	<u>\$ 14,627,806</u>	<u>\$ 3,540,547</u>	<u>\$ 18,168,353</u>

See Independent Auditors' Report on Supplementary Information,

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2009

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
312	Accounts payable ≤90 days	\$ 4,212,349	\$ -0-	\$ 4,212,349
322	Accrued compensated absences-current portion	2,469	1,797	4,266
341	Tenant security deposits	4,821	-0-	4,821
347	Interprogram due to	<u>2,975,261</u>	<u>1,518,597</u>	<u>4,493,858</u>
310	Total current liabilities	<u>7,194,900</u>	<u>1,520,394</u>	<u>8,715,294</u>
350	Total non-current liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
300	Total liabilities	<u>7,194,900</u>	<u>1,520,394</u>	<u>8,715,294</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL,
SLIDELL, LOUISIANA**
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2009

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
508.1	Invested in capital assets, net of related debt	\$ 3,526,828	\$ -0-	\$ 3,526,828
511.1	Restricted net assets	-0-	1,289,573	1,289,573
512.1	Unrestricted net assets	<u>3,906,078</u>	<u>730,580</u>	<u>4,636,658</u>
513	Total equity/net assets	<u>7,432,906</u>	<u>2,020,153</u>	<u>9,453,059</u>
600	Total liabilities and equity/net assets	<u>\$ 14,627,806</u>	<u>\$ 3,540,547</u>	<u>\$ 18,168,353</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2009

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
70300	Net tenant rental revenue	\$ 88,482	\$ -0-	\$ 88,482	\$ -0-	\$ -0-	\$ -0-
70400	Tenant revenue - other	<u>405</u>	<u>-0-</u>	<u>405</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
70500	Total tenant revenue	<u>88,887</u>	<u>-0-</u>	<u>88,887</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
70600-010	Housing assistance payments	-0-	-0-	-0-	2,527,367	1,174,382	3,701,749
70600-020	Ongoing administrative fees earned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>158,253</u>	<u>340,176</u>	<u>498,429</u>
70600	HUD PHA operating grants	<u>525,305</u>	<u>15,000</u>	<u>540,305</u>	<u>-0-</u>	<u>153,027</u>	<u>153,027</u>
70610	Capital grants	<u>-0-</u>	<u>10,000</u>	<u>10,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
71100	Investment income - unrestricted	<u>26,004</u>	<u>-0-</u>	<u>26,004</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
70000	Total revenue	<u>640,196</u>	<u>25,000</u>	<u>665,196</u>	<u>2,685,620</u>	<u>1,667,585</u>	<u>4,353,205</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
91100	Administrative salaries	\$ 140,386	\$ -0-	\$ 140,386	\$ 40,110	\$ 12,423	\$ 52,533
91200	Auditing fees	15,890	-0-	15,890	10,930	-0-	10,930
91300	Outside management	-0-	-0-	-0-	-0-	105,458	105,458
91500	Employee benefit contributions-administrative	35,022	-0-	35,022	10,846	-0-	10,864
91600	Office expense	25,083	-0-	25,083	11,944	-0-	11,944
91700	Legal expense	2,268	-0-	2,268	648	-0-	648
91800	Travel	<u>10,249</u>	<u>-0-</u>	<u>10,249</u>	<u>2,928</u>	<u>-0-</u>	<u>2,928</u>
91000	Total operating - administrative	<u>228,898</u>	<u>-0-</u>	<u>228,898</u>	<u>77,424</u>	<u>117,881</u>	<u>195,305</u>
92400	Tenant services - other	<u>356</u>	<u>-0-</u>	<u>356</u>	<u>102</u>	<u>-0-</u>	<u>102</u>
92500	Total tenant services	<u>356</u>	<u>-0-</u>	<u>356</u>	<u>102</u>	<u>-0-</u>	<u>102</u>
93100	Water	-0-	-0-	-0-	-0-	-0-	-0-
93200	Electricity	8,815	-0-	8,815	-0-	-0-	-0-
93300	Gas	619	-0-	619	-0-	-0-	-0-
93800	Other utilities	<u>904</u>	<u>-0-</u>	<u>904</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
93000	Total utilities	<u>10,338</u>	<u>-0-</u>	<u>10,338</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
94200	Ordinary maintenance and operations - materials and other:	\$ 8,834	\$ -0-	\$ 8,834	\$ -0-	\$ -0-	\$ -0-
94300-020	Ordinary maintenance and operations contracts-heating and cooling contracts	14,817	-0-	14,817	-0-	-0-	-0-
94300-050	Ordinary maintenance and operations contracts-landscape and grounds contracts	26,424	-0-	26,424	-0-	-0-	-0-
94300-060	Ordinary maintenance and operations contracts-unity turnaround contracts	14,250	-0-	14,250	-0-	-0-	-0-
94300-080	Ordinary maintenance and operations contracts-plumbing contracts	4,920	-0-	4,920	-0-	-0-	-0-
94300-090	Ordinary maintenance and operations contracts-extermination contracts	1,944	-0-	1,944	-0-	-0-	-0-
94300-120	Ordinary maintenance and operations contracts-miscellaneous contracts	-0-	-0-	-0-	6,868	940	7,808
94300	Ordinary maintenance and operations contracts	62,355	-0-	62,355	6,868	940	7,808
94500	Employee benefit contributions-ordinary maintenance	-0-	-0-	-0-	-0-	-0-	-0-
94000	Total maintenance	71,189	-0-	71,189	6,868	940	7,808

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	DISASTER HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
95200	Protective Services - other contract costs	\$ 1,045	\$ -0-	\$ 1,045	\$ 299	\$ -0-	\$ 299
95000	Total protective services	1,045	-0-	1,045	299	-0-	299
96110	Property insurance	108,160	-0-	108,160	-0-	-0-	-0-
96120	Liability insurance	-0-	-0-	-0-	-0-	-0-	-0-
96130	Workmen's compensation	4,118	-0-	4,118	-0-	-0-	-0-
96140	All other insurance	7,018	-0-	7,018	493	-0-	493
96100	Total insurance premiums	119,296	-0-	119,296	493	-0-	493
96200	Other general expenses	17,372	-0-	17,372	4,984	-0-	4,984
96300	Payment in lieu of taxes	5,110	-0-	5,110	-0-	-0-	-0-
96400	Bad debt - tenant rents	1,996	-0-	1,996	-0-	-0-	-0-
96000	Total other general expenses	24,478	-0-	24,478	4,984	-0-	4,984
96900	Total operating expenses	455,600	-0-	455,600	90,170	118,821	208,991
97000	Excess (deficiency) of revenue over operating expenses	184,596	25,000	209,596	2,595,450	1,548,764	4,144,214

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	VOUCHER PROGRAM	HOUSING ASSISTANCE PROGRAM	TOTAL PROGRAMS
97300-050	All other	\$ -0-	\$ -0-	\$ -0-	\$ 1,478,495	\$ 1,337,583	\$ 2,816,078
973000	Housing assistance payments	-0-	-0-	-0-	1,478,495	1,337,583	2,816,078
97400	Depreciation expense	75,584	-0-	75,584	-0-	-0-	-0-
90000	Total expenses	531,184	-0-	531,184	1,568,665	1,456,404	3,025,069
10010	Operating transfer in	15,000	-0-	15,000	-0-	-0-	-0-
10020	Operating transfer out	-0-	(15,000)	(15,000)	-0-	-0-	-0-
10100	Total other financing sources (uses)	15,000	(15,000)	-0-	-0-	-0-	-0-
10000	Excess (deficiency) of revenue over (under) expenses	\$ 124,012	\$ 10,000	\$ 134,012	\$ 1,116,955	\$ 211,181	\$ 1,328,136
11030	Beginning equity/net assets	\$ 6,766,797	\$ -0-	\$ 6,766,797	\$ 600,812	\$ 1,078,392	\$ 1,679,204
11040-010	Prior period adjustments, equity transfers, and correction of errors	532,097	-0-	532,097	(987,187)	-0-	(987,187)
	Beginning equity/net assets, as adjusted	\$ 7,298,894	\$ -0-	\$ 7,298,894	\$ (386,375)	\$ 1,078,392	\$ 692,017
11170	Administrative fee equity	-	-	-	-0-	-0-	-0-
1118	Housing assistance payments equity	-	-	-	\$ 1,289,573	\$ 1,289,573	-
11190	Unit months available	840	N/A	840	N/A	N/A	N/A
11210	Number of unit months leased	360	N/A	360	N/A	N/A	N/A
11270	Excess cash	\$ 2,278,104	\$ -0-	\$ 2,278,104	\$ -0-	\$ -0-	\$ -0-
111520	Building purchases	\$ 237	\$ -0-	\$ 237	\$ -0-	\$ -0-	\$ -0-
11630	Furniture and equipment	\$ 56,693	\$ -0-	\$ 56,693	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COST (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2009**

	<u>LA48P103-501-05</u>	<u>LA48P103-501-06</u>	<u>LA48P103-501-07</u>	<u>LA48P103-501-08</u>	<u>LA48P103-501-09</u>	<u>TOTAL</u>
Funds approved	\$ 179,596	\$ 170,620	\$ 177,464	\$ 173,745	\$ 172,838	\$ 874,263
Funds expended	<u>(55,000)</u>	<u>(45,000)</u>	<u>(17,746)</u>	<u>-0-</u>	<u>-0-</u>	<u>(117,746)</u>
Excess (deficiency) of funds approved	<u>\$ 124,596</u>	<u>\$ 125,620</u>	<u>\$ (159,718)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 756,517</u>
Funds Advanced: Grant funding	<u>\$ 55,000</u>	<u>\$ 45,000</u>	<u>\$ 17,476</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 117,746</u>
Total funds advanced	<u>55,000</u>	<u>45,000</u>	<u>17,746</u>	<u>-0-</u>	<u>-0-</u>	<u>117,746</u>
Funds expended	<u>(55,000)</u>	<u>(45,000)</u>	<u>(17,746)</u>	<u>-0-</u>	<u>-0-</u>	<u>(117,746)</u>
Excess (deficiency) of funds advanced	<u>\$ -0-</u>	<u>\$ -0-</u>				

See Independent Auditors' Report on Supplementary Information.

SCHEDULE V

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND RECOVERY GRANT (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2009**

LA-48P103-501-09

Funds approved \$ 219,926
Funds expended -0-

Excess of funds approved \$ 219,926

Funds Advanced:
Grant funding \$ -0-

Total funds advanced -0-

Funds expended -0-

Excess (deficiency) of funds
advanced \$ -0-

See Independent Auditors' Report on Supplementary Information.



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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 Slidell
Slidell, Louisiana

We were engaged to audit the financial statements of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2009. Because of our inability to apply auditing procedures to certain accounts (see NOTE 16 and finding reference number 2009-05) as a result of the substantial destruction of **the Authority's** records due to the impact of hurricane Katrina, and the lack of effective controls relative to controls over the processing, accumulating, recording, analyzing and complete recordation of economic events, the scope of our audit was not sufficient to express and accordingly, we express no opinion on the financial statements of **the Authority** 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 of America.

Internal Control Over Financial Reporting

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

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
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the subsequent paragraph, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2009-01, 2009-02, 2009-03 and 2009-05 to be significant deficiencies in internal control over financial reporting.

A material weakness is a deficiency, or 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.

However, we believe that of the significant deficiencies described above items 2009-02, 2009-03 and 2009-05 are material weaknesses. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of the Authority in a separate letter dated April 30, 2010.

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
(CONTINUED)

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 grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2009-04.

The Authority's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response" or "Current Status". We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Authority's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 30, 2010



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Compliance

We have audited the compliance of **Housing Authority of the City of Slidell (the Authority)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended March 31, 2009. **The Authority's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of **the Authority's** management. Our responsibility is to express an opinion on **the Authority's** compliance based on our audit.

Except as discussed in the following paragraph, 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

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 previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the Authority's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **the Authority's** compliance with those requirements.

Because of the substantial destruction of **the Authority's** records resulting from the impact of hurricane Katrina on August 29, 2005, coupled with the lack of effective controls relative to the processing, accumulating, recording, analyzing and resulting preparation of financial statements, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on compliance with the requirements of reporting, allowable costs and special tests and provisions nor were we able to satisfy ourselves as to **the Authority's** compliance with those requirements by other auditing procedures.

In our opinion, except for the effects of such non compliance, if any, as might have been determined had we been able to examine evidence regarding **the Authority's** compliance with reporting allowable costs and special tests and provisions, **the Authority** complied, in all material respects, with the requirements previously referred to that are applicable to its major federal program for the year ended March 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2009-06 through 2009-12.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Internal Control Over Compliance

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

Our consideration of the internal control over compliance was for a limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in **the Authority's** internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the following paragraphs, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiencies.

A deficiency in **the Authority's** 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 significant deficiency in internal control over compliance is a deficiency, or 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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by **the Authority** on a timely basis. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2009-13 and 2009-14 to be material weaknesses.

The Authority's response to the findings in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response" or "Current Status". We did not audit **the Authority's** response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of **the Authority's** Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

April 30, 2010

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Disclaimer**

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Control deficiency(ies) identified that are not considered to be material weaknesses? **Yes**

Non-compliance material to financial statements noted? **No**

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? **Yes**
- Control deficiency(ies) identified that are not considered to be material weaknesses? **Yes**

Type of auditors' report issued on compliance for major programs: **Qualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **Yes**

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.871	Housing Choice Voucher Program
14.850a	PHA Owned Housing Program

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

No

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2009-01

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Governmental Accounting Standards Board Statement (GASB) No. 42 dictates the standard for accounting and financial reporting for impaired capital assets.

Condition

On August 29, 2005, the impact of Hurricane Katrina significantly destroyed the Washington Heights housing stock for **the Authority**. The impact also resulted in the destruction of all accounting records supporting the recorded basis of its capital assets.

At March 31, 2009 management has not been successful in affording the appropriate accounting treatment pursuant to the requirements of GASB No. 42 despite several attempts. Also, we observed during our audit, ongoing renovation work of its Washington Heights location.

Questioned Costs

None.

Context

Total capital assets and related accumulated depreciation prior to the effect of the impact of Hurricane Katrina were \$5,816,484 and 2,254,177.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2009-01

Effort or Potential Effect

The potential effect of the Authority's assets impairment net of any insurance recoveries has not been properly recorded to correctly state capital assets.

Cause

Destroyed records, limited resources coupled with the Authority's inability to procure the necessary technical assistance to facilitate the process.

Recommendation

Management should consult with the Department of Housing and Urban Development for technical assistance and/or resources to facilitate resolution of the described condition.

Management's Response

GASB 42 prescribes three methods for calculating the amount of capital impairments. Each method utilizes the historical cost and/or restoration cost in their calculations. At the time of the audit, there were no restoration costs expended on the Authority's units damaged by Hurricane Katrina. Additionally, the Authority had no record of historical costs of the units. We contacted the State of Louisiana, Division of Administration for assistance to implement GASB 42. It was the opinion of the State's system consultant that under our current circumstances, the Authority could not implement or apply GASB 42. We will continue our communication with the State on this subject as we proceed with the Authority's restoration in order to implement GASB 42.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2009-02

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **the Authority** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of **the Authority**.

Condition

Considering the size of **the Authority**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority's** assets. Currently, internal financial transactions processing of **the Authority** is performed primarily by an Administrative Assistant with some oversight by a fee accountant.

The Authority currently uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the completeness of financial statements generated.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2009-02

Context

Total federal award was \$3,575,374 for the year ended March 31, 2009.

Effect or Potential Effect

Control deficiencies in **the Authority's** internal control system provide for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and **the Authority** as a whole. Also, the untimely receipt of its prepared financial statements, impacts management's review for completeness in its reported financial statements on a monthly basis.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness.

Management's Response

Management has engaged the services of a fee accountant at the end of calendar year. Thus far, the fee accountant has taken on the tasks that are key elements of internal controls, specifically, preparing bank reconciliations, preparing quarterly tax returns and annual information returns, and coordinating the internal audit of vendor files. Additionally, the fee accountant has been tasked with reassigning all financial tasks performed by **the Authority's** staff in order to strengthen the internal control and segregation of duties.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2009-03

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Statement of Auditing Standards requires management to possess the technical capacity to completely and accurately prepare its financial statements to include the related footnote disclosures in accordance with accounting principles generally accepted in the United States of America.

Condition

Currently, the Authority does not possess the required technical capacity in-house to facilitate the complete and accurate preparation of its financial statements and related footnotes pursuant to the requirements of generally accepted accounting principles.

Questioned Costs

None.

Context

Total federal award was \$3,575,374 for the year ended March 31, 2009.

Effect or Potential Effect

Challenges encountered in ensuring the completeness of internally generated financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2009-03

Cause

Budgetary constraints coupled with the economic impact of Hurricane Katrina on its housing stock.

Recommendation

Management should continue to explore funding options to assist in the enhancement of its technical capacity.

Management's Response

The fee accountant engaged by the Authority is a licensed certified public accountant. The Authority uses the TenMast accounting system, which is the basis for its financial statement. However, components of the system had not been used consistently. The cash transactions that were not recorded in TenMast have been identified and the fee accountant is currently coordinating the effort to update the accounting system.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2009-04

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to the requirements of Louisiana Revised Statute 24:513 audited financial statements are required to be submitted to the Legislative Auditor within six months of the close of **The Authority's** year end or approved extension.

Condition

The March 31, 2009 audit report for **the Authority** was submitted outside of the expiration of an approved extension request.

Questioned Costs

None.

Context

Total operating expenses for the year ended March 31, 2009 was \$3,025,069.

Effect or Potential Effect

Non-compliance with the requirements of the audit law for the State of Louisiana.

Cause

Inability to timely procure an auditor to perform the audit coupled with the residual impact of Hurricane Katrina in the area of its accounting records to include level of staffing capacity.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2009-04

Recommendation

Management should continue to work towards all factors that impact its ability to submit timely reports.

Management's Response

Management is currently in the process of selecting a CPA firm to begin the Authority's financial audit to insure that the audit for the fiscal year ended March 31, 2010 is completed in accordance with the Louisiana Revised Statute.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2009-05

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **the Authority** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its statements as required by HUD and Board policy.

Condition

Our review of the general ledger generated by **the Authority's** TENMAST software revealed the following significant conditions:

- o The March 31, 2009 general ledgers for the PHA-owned Housing and Voucher Programs reflected the effect of prior year's income and expense activities in the year to date (cumulative) balances. Because the temporary accounts have not yet been closed to the permanent accounts, current years transactions had to be isolated in order to generate the income and expense activities for the year ended March 31, 2009.
- o Also, the general ledgers for the PHA-owned Housing and Voucher Programs lacked any recorded revenue activity except for dwelling rental. Operating and capital grants while deposited into **the Authority's** bank account upon drawdown are not recorded in the respective general ledgers. Also, interest income earned on investments was not correctly recorded at March 31, 2009. As a result, the general ledger does not reflect the effect of revenues earned and/or received.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2009-05

Condition, Continued

- o Several significant general ledger accounts such as cash, prepaid insurance, receivables, payables and interest income reflected activity levels contrary to the operating level of **the Authority**. For instance the PHA-owned Housing Program reflected a cash balances approximately \$12,700,000 at March 31, 2009. Prepaid insurance reflected a credit balance of approximately \$225,000 with interest income at March 31, 2008 reflected at a balance of approximately \$-0-.
- o The Voucher Program did not reflect the effect of expenses such as payroll, related benefits and other major operating expenses. Currently, all expenses are paid through the operating account for the PHA-owned Housing Program with no allocation made for the shared and other program expenses paid in the records of the beneficiary programs.
- o **The Authority** did not maintain a general ledger for the DHAP program during the year ended March 31, 2009. An excel spreadsheet was prepared by staff of **the Authority** in connection with audit. Also, considering the nature of the records, we were unable to completely determine the earned and/or unearned operating grants for the year ended March 31, 2009
- o We noted that a bank account at March 31, 2009 in the amount of \$5,222,019 was not recorded on the general ledger for the PHA-owned Housing Program.
- o The capital assets and related accumulated depreciation at March 31, 2009 reflected the effect of unadjusted asset impairment. See finding reference number 2009-01.
- o The PHA-owned Housing Program general ledger at March 31, 2009 reflected an account titled "Unknown Deposits" with a recorded amount totaling \$32,933,522.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2009-05

Condition, Continued

- o The Voucher Program general ledger cash balance at March 31, 2009 reflected a negative balance of \$3,566,070.87.
- o At March 31, 2009, interfund activities reflected a out-of-balance condition.
- o Also noted were unreconciled differences in the beginning and ending net assets amounts.

Questioned Costs

None.

Context

Total expenditures of federal awards for the year ended March 31, 2009 was \$3,575,374.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulation and Board policy.

Cause

Incomplete conversion of the general ledger system to ensure complete integration coupled with the lack of a system and resources in place to ensure the completeness of financial statements prepared.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2009-05

Recommendation

Management should revisit with its current general ledger system and plan for its complete conversion. In addition, all required monthly transactions should be recorded in the general ledger system to include the allocation and recordation in the respective general ledger shared and paid expenses for other programs.

Management's Response

The fee accountant engaged by the Authority is a licensed certified public accountant. The Authority uses the TenMast accounting system, which is the basis for its financial statement. However, components of the system had not been used consistently. The cash transactions that were not recorded in TenMast have been identified and the fee accountant is currently coordinating the effort to update the accounting system.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2009-06

Federal Award Program

PHA-owned Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 960.205 provides guidance in the determination of tenant's eligibility to participate in the housing program.

Condition

In four (4) tenants files reviewed, we noted no written evidence on file to support verification of any prior lease violations.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended March 31, 2009 for the PHA-owned Housing Program was \$525,305 or 15% of total federal award.

Effect or Potential Effect

Non-compliance with the requirement of 24 CFR 960.205.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-06

Cause

Lack of a formal policy and/or written procedure in place to ensure compliance with all eligibility requirements.

Recommendation

Management should ensure that all files contain all required information necessary to support the complete determination of each tenant's eligibility to participate in the housing program.

Management's Response

In researching the files, we found neither indication nor documentation that a lease violation exist. Therefore we found it unnecessary to pursue PHA authority to request and obtain information from drug abuse facilities concerning applicants as it relates to 24 CFR 960.205. SHA does in fact have and uses an Admission and Continued Occupancy Policy (ACOP) which was adopted by the Board of Commissioners, September 16, 2004, Resolution # 2004-6.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2009-07

Federal Award Program

PHA-owned Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

CFR 24 sections 960.206 and 960.208 require tenants to be selected from a waiting list prepared and maintained by the Authority.

Condition

For four (4) tenants files reviewed, we were unable to verify their priority (using the date of application) selection from a prepared waiting list. It is our understanding through discussion with management that a waiting list was not maintained subsequent to its records destruction resulting from the impact of Hurricane Katrina on August 29, 2005.

Context

Total expenditures of federal award for the year ended March 31, 2008 for the Voucher Program was \$1,568,665 or 44% of total federal award.

Questioned Costs

None.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR 960.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-07

Cause

Previous listing was destroyed during Hurricane Katrina.

Recommendation

Management should re-construct and maintain a waiting list pursuant to the requirements of 24 CFR section 982.202 through 982.207 to ensure that all files contain complete information to support selection from the waiting list.

Management's Response

Public Housing maintains a waiting list in TenMast Waiting List modular. A copy of this list was forward to the auditor upon their request. Once an applicant is housed, their name no longer appears on the waiting list. We have provided a copy of Unit Offered report to reflect the applicant's name, as well as a move- in summary letter.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2009-08

Federal Award Program

PHA Owned Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR sections 960.253, 960.257 and 960.259 the Authority must re-examine family income and composition at least once every twelve months in each applicable family's file.

Condition

In one (1) of the four (4) files reviewed, we noted no complete documented re-certification as required by regulation.

Questioned Costs

None.

Context

Total federal award for the PHA Owned Housing Program was \$525,305 or 14% of the total federal award for the year ended March 31, 2009.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR and Board policy.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-08

Cause

Lack of a monitoring system to ensure compliance with regulations and/or Board policy.

Recommendation

We recommend compliance with the requirements of 24 CFR, regarding tenant re-certification. Management should consider the use of resources available under its TEMNAST software to generate and review compliance with re-certification.

Management's Response

The re-certification process is done on an annual basis. The process is evidenced by various documents namely: EIV Report, Inspection Report and Personal Declaration. The re-certification process is not complete until the lease is executed. While the files cited did not contain an executed lease, documents supporting the status of re-certification process were found in the file.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2009-09

Federal Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 982 provides guidance in the determination of tenant's eligibility to participate in the housing program.

Condition

In ten (10) of eleven (11) tenant files, we noted no written documented evidence to support verification of any prior lease violations. In one instance the only document on file was a HUD Form 50058.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended March 31, 2009 for the Housing Choice Voucher Program was \$1,568,605 or 44% of total federal award.

Effect or Potential Effect

Non-compliance with requirements of 24 CFR 982.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-09

Cause

Lack of a formal monitoring process in place to ensure compliance with all eligibility requirements.

Recommendation

Management should ensure that all files contain all required information to support the complete determination of each tenant's eligibility to participate in the housing program.

Management's Response

The 24 CFR, part 982 does cover the HUD regulations for the Housing Choice Voucher Program. However, it does not require the authority to document prior lease violation when determining eligibility for the program. Eligibility for the program is determined based on the family annual gross income and family composition. The PHA verifies the family's income and family composition information via third party verification when available and the Earned Income Enterprise System (EIV) as applicable. At the discretion of the Slidell Housing Authority, other information and/or documentation may be required to determine eligibility as the agency deem necessary. Please provide the name on the file cited where the only document on file was a HUD form 50058. During our review of the file, we were unable to locate the file mentioned.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2009-10

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

The Authority is required to submit in electronic form, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family.

Condition

In one (1) instance of eleven (11) files reviewed, information pertaining to a tenant was omitted on the submitted Form HUD 50058. Noted no corrected Form HUD 50058 in the tenants file to support the submission of a corrected Form HUD 50058.

Questioned Costs

None.

Context

Total federal award expended for the Housing Choice Voucher Program for the year ended March 31, 2009.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-10

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR part 990.

Cause

Lack of an effective system in place to ensure the completeness of all tenant file information.

Recommendation

We recommend that a checklist system be used to ensure the completeness in tenant data to include the review of all reports submitted for accuracy at the supervisory level.

Management's Response

Our review of the Form 50058s on file did not reveal information, that pertained to the clients, was omitted on the 50058s.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2009-11

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards.)

Criteria

CFR 24 sections 982.202 through 982.207 require tenants to be selected from a waiting list prepared and maintained by the Authority.

Condition

In ten (10) of eleven (11) tenants files reviewed, we were unable to verify their priority (using the date of application) selection from a prepared waiting list. In one instance, the tenants file contained only a HUD Form 50058. It is our understanding through discussion with management that a waiting list was not maintained subsequent to its records destruction resulting from the impact of Hurricane Katrina on August 29, 2005.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended March 31, 2009 for the Voucher Program was \$1,568,665 or 44% of total federal award.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-11

Effect

Non-compliance with the requirements of 24 CFR 982.

Cause

Previous listing was destroyed during Hurricane Katrina.

Recommendation

Management should re-construct and maintain a waiting list pursuant to the requirements of 24 CFR section 982.202 through 982.207.

Management's Response

The authority is currently in compliance with the 24 CFR regulations governing the HCVP waiting list. The housing authority opened its waiting list in January 2009. However, the SHA noted that of the eleven files reviewed, two (2) of the case files were of families who transferred their assistance to our jurisdiction under the Portability guidelines.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2009-12

Federal Award Program

Disaster Housing Assistance Program (see Schedule of Expenditures of Federal Awards).

Criteria

Various directives from HUD require that all activities related to the Disaster Housing Assistance Program (DHAP) must be accounted for, completed and recorded separately from the other programs managed by the housing authority.

Condition

Based on review of five (5) tenant files, we were unable to identify tenant approval in four (4) instances from the DIS System. Through inquiry with the DHAP coordinator, we noted that tenants for DHAP assistance were verified by the Executive Director who provided staff with verbal approval for their admittance into the program.

We were unable to verify if completed tenant information had been inputted into the DIS System for all five (5) selected tenants.

Noted in two (2) of five (5) instances where the tenant files contained no signed certification of family obligations.

Three (3) instances of five (5) files where the tenants did not sign a HUD Form 9886.

Five (5) of five (5) instances reviewed where the tenant files lacked a signed individual development plan.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-12

Condition, Continued

Two (2) of five(5) instances where the tenant files contained no documented evidence of case management services.

Five (5) of five (5) instances where the tenant files lacked documented evidence of individual needs assessment.

Five (5) of five (5) instances where the tenant files lacked documented evidence of quarterly reassessment and a documented home visit.

Questioned Costs

Unable to determine.

Context

Total expenses for the DHAP program for the year ended March31, 2009 was \$1,456,404.

Effect or Potential Effect

Non-compliance with various aspects of the DHAP program requirements.

Cause

No established procedures to ensure compliance with the requirements of the program.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-12

Recommendation

Management should evaluate the conditions previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all disbursements.

Management's Response

We will review the intake/eligibility determination/payment processes that were used for DHAP, identifying weaknesses in internal controls.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2009-13

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Governmental Accounting Standards Board Statement (GASB) No. 42 dictates the standard for accounting and financial reporting for impaired capital assets.

Condition

On August 29, 2005, the impact of Hurricane Katrina significantly destroyed the Washington Heights housing stock for **the Authority**. The impact also resulted in the destruction of all accounting records supporting the recorded basis of its capital assets.

At March 31, 2009 management has not been successful in affording the appropriate accounting treatment pursuant to the requirements of GASB No. 42 despite several attempts. Also, we observed during our audit, ongoing renovation work of its Washington Heights location.

Questioned Costs

None.

Context

Total capital assets and related accumulated depreciation prior to the effect of the impact of Hurricane Katrina were \$5,816,484 and 2,254,177.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-13

Effort or Potential Effect

The potential effect of **the Authority's** assets impairment net of any insurance recoveries has not been properly recorded to correctly state capital assets.

Cause

Destroyed records, limited resources coupled with **the Authority's** inability to procure the necessary technical assistance to facilitate the process.

Recommendation

Management should consult with the Department of Housing and Urban Development for technical assistance and/or resources to facilitate resolution of the described condition.

Management's Response

GASB 42 prescribes three methods for calculating the amount of capital impairments. Each method utilizes the historical cost and/or restoration cost in their calculations. At the time of the audit, there were no restoration costs expended on **the Authority's** units damaged by Hurricane Katrina. Additionally, **the Authority** had no record of historical costs of the units. We contacted the State of Louisiana, Division of Administration for assistance to implement GASB 42. It was the opinion of the State's system consultant that under our current circumstances, **the Authority** could not implement or apply GASB 42. We will continue our communication with the State on this subject as we proceed with **the Authority's** restoration in order to implement GASB 42.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2009-14

Federal Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **the Authority** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of **the Authority**.

Condition

Considering the size of **the Authority**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority's** assets. Currently, internal financial transactions processing of **the Authority** is performed primarily by an Administrative Assistant with some oversight by a fee accountant.

The Authority currently uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the completeness of financial statements generated.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2009-14

Context

Total federal award was \$3,575,374 for the year ended March 31, 2009.

Effect or Potential Effect

Control deficiencies in the Authority's internal control system provide for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and the Authority as a whole. Also, the untimely receipt of its prepared financial statements, impacts management's review for completeness in its reported financial statements on a monthly basis.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness.

Management's Response

Management has engaged the services of a fee accountant at the end of calendar year. Thus far, the fee accountant has taken on the tasks that are key elements of internal controls, specifically, preparing bank reconciliations, preparing quarterly tax returns and annual information returns, and coordinating the internal audit of vendor files. Additionally, the fee accountant has been tasked with reassigning all financial tasks performed by the Authority's staff in order to strengthen the internal control and segregation of duties:

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Number

2008-01 and 2007-02

Condition

Considering the size of **the Authority**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority's** assets. Currently, the internal financial transactions processing for **the Authority** is performed primarily by an Administrative Assistant with limited oversight.

Also, **the Authority** currently uses a TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the completeness of financial statements generated in accordance with accounting principles generally accepted in the United States of America.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness.

Current Status

Unresolved. See current year's findings reference number 2009-02.

Management has engaged the services of a fee accountant at the end of calendar year. Thus, far, the fee accountant has taken on the tasks that are key elements of internal controls, specifically, preparing bank reconciliations, preparing quarterly tax returns and annual information returns, and coordinating the internal audit of vendor files. Additionally, the fee accountant has been tasked with reassigning all financial tasks performed by **the Authority** staff in order to strengthen the internal control and segregation of duties.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2008-02, 2007-6, and 2006-04

Condition

On August 29, 2005, the impact of Hurricane Katrina significantly destroyed the Washington Heights housing stock location for **the Authority**. The impact also resulted in the substantial destruction of all accounting records supporting the recorded basis of its capital assets.

Pursuant to the requirements of GASB 42, impairment losses on capital assets that will continue to be used generally should be measured using a method that best reflects the diminished service utility. The physical damage should be measured using the estimated cost to restore the capital asset in order to identify the portion of the historical cost that should be written-off. We observed during the course of our audit, ongoing renovation work on the damaged units.

At March 31, 2008, management has not been successful in affording the appropriate accounting treatment pursuant to the requirements of GASB No. 42 despite several attempts.

Recommendation

Management should consult with the Department of Housing and Urban Development and other sources for technical assistance to facilitate resolution of the described condition.

Current Status

Unresolved. See current year's reference number 2009-01.

GASB 42 prescribed three different methods for calculating the amount of capital impairment. Each method utilizes the historical cost and/or the restoration cost in their calculations. At the time of the audit, there were no restoration costs expended on **the Authority's** units damaged by Hurricane Katrina. Additionally, **the Authority** had no record of historical costs of the units. We contacted the State of Louisiana, Division of Administration for assistance to implement GASB 42. It was the opinion of the State's system consultant that under our current circumstances, **the Authority** could not implement or apply GASB 42. We will continue our communications with the State on this subject as we proceed with **the Authority's** restoration in order to implement GASB 42.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2008-03 and 2007-01

Condition

Currently, **the Authority** does not possess the required technical capacity in-house to facilitate the complete and accurate preparation of its financial statements and related footnotes in accordance with accounting principles generally accepted in the United States of America.

Recommendation

Management should continue to explore funding options to assist in the enhancement of its technical capacity.

Current Status

Unresolved. Current year's finding reference number 2009-03.

The fee accountant engaged by **the Authority** is a licensed certified public accountant. **The Authority** uses the TenMast accounting system, which is the basis for its financial statement. However, components of the system had not been used consistently. The cash transactions that were not recorded in TenMast have been identified and the fee accountant is currently coordinating the effort to update the accounting system.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2008-04, 2007-14, and 2006-03

Condition

The March 31, 2008 audit report for the Authority was submitted outside of the expiration of an approved extension request.

Recommendation

Management should continue to work towards a resolution to all the factors that impact its ability to submit timely reports.

Current Status

Unresolved. See current year's finding reference number 2009-04.

Management is currently in the process of selecting a CPA firm to begin the Authority's financial audit to insure that the audit for the fiscal year ended March 31, 2010 is completed in accordance with the Louisiana Revised Statute.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2008-05, 2007-03, 2007-04, 2007-05, 2007-08,
2007-09, 2006-01, 2006-02, 2006-05, 2006-05,
2006-06 and 2005-02

Condition

Our review of the general ledger generated by **The Authority's** TEAMAST software revealed the following conditions:

- o The March 31, 2008 general ledgers for the Public Housing and Voucher Programs reflected the effect of prior year's income and expense activities in the year to date (cumulative) balances. Because the temporary accounts have not yet been closed to the permanent accounts, current years transactions had to be isolated in order to generate the income and expense activities for the year ended March 31, 2008.
- o Also, the general ledgers for the Public Housing and Voucher Programs lacked any recorded revenue activity except for dwelling rental. Operating and capital grants while deposited into **the Authority's** bank account upon drawdown are not recorded in the respective general ledgers. Also, interest income earned on investments was not correctly recorded at March 31, 2008. As a result, the general ledger does not reflect the effect of revenues earned and/or received.
- o Several significant general ledger accounts such as cash, prepaid insurance, receivables, payables and interest income reflected activity levels contrary to the operating level of **the Authority**. For instance the Public Housing Program reflected a cash balances approximately \$13,500,000 at March 31, 2008. Prepaid insurance reflected a credit balance of approximately \$206,000 with interest income at March 31, 2008 reflected at a balance of approximately \$1,200,000.
- o The Voucher Program did not reflect the effect of expenses such as payroll, related benefits and other operating expenses. Currently, all expenses are paid through the operating account for the Public Housing Program with no allocation made for the shared and other program expenses paid in the records of the beneficiary programs.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2008-05, 2007-03, 2007-04, 2007-05, 2007-08,
2007-09, 2006-01, 2006-02, 2006-05, 2006-05,
2006-06 and 2005-02

Condition, Continued

- o **The Authority** did not maintain a general ledger for the DHAP program during the year ended March 31, 2008. An excel spreadsheet was prepared by staff of the **Authority** in connection with audit.
- o We noted that a bank account at March 31, 2008 in the amount of \$4,164,241 was not recorded on the general ledger for the Public Housing Program.
- o The capital assets and related accumulated depreciation at March 31, 2008 reflected the effect of unadjusted asset impairment. See finding reference number 2008-02.
- o The Public Housing Program general ledger at March 31, 2008 reflected an account titled "Unknown Deposits" with a recorded amount totaling \$32,933,522.

Recommendation

Management should revisit with its current general ledger system and plan for its complete conversion. In addition, all required monthly transactions should be recorded in the general ledger system to include the allocation and recordation in the respective general ledger shared and paid expenses for other programs.

Current Status

Unresolved. See current year's finding reference number 2009-05.

The fee accountant engaged by the **Authority** is a licensed certified public accountant. The **Authority** uses the TENMAST accounting system, which is the basis for its financial statement. However, components of the system had not been used consistently. The cash transactions that were not recorded in TenMast have been identified and the fee accountant is currently coordinating the effort to update the accounting system.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2008-06

Condition

In four (4) tenant files tested, we noted no documented evidence on file to support verification performed by staff of **the Authority** in connection with its certification for any prior lease violations.

Recommendation

Management should ensure that tenant files contain all required information to support the complete determination of each tenant's eligibility to participate in the housing program.

Current Status

Unresolved. See current year's finding reference number 2009-06.

In researching the files, we found neither indication nor documentation that a lease violation exist. Therefore, we found it necessary to pursue PHA authority to request and obtain information from drug abuse concerning applicants as it relates to 24 CFR 960.205.

The Authority in fact has and the Admission and Continued Occupancy Policy (ACOP) which was adopted by the Board of Commissioners, September 16, 2004, Resolution #2004-6.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2008-07

Condition

In eleven (11) tenant files reviewed, we noted no documented evidence on file to support verification performed by staff of **the Authority** in connection with its certification for any prior lease violations.

Recommendation

Management should ensure that tenant files contain all required information to support the complete determination of each tenant's eligibility to participate in the housing program.

Current Status

Unresolved. See current year's finding reference number 2009-09.

Management concurs that the 24 CFR Part 982 covers the HUD regulations for the Housing Choice Voucher Program. However, it does not require **the Authority** to document prior lease violations when determining eligibility for the program. Eligibility for the program is determined based on the family annual gross income and family composition. The PHA verifies the family's income and family composition information via third party verification when available and the Earned income Enterprise System (EVI) as applicable. At the discretion of **the Authority**, other information and/or documentation may be required to determine eligibility as **the Authority** deem necessary.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2008-08

Condition

In three (3) of the four (4) files reviewed, we noted no documented re-certification as required by regulation and Board policy.

Recommendation

We recommend compliance with the requirements of 24 CFR, regarding tenant re-certification. Management should consider the use of resources available under its TenMast software to generate and review compliance with re-certifications.

Current Status

Unresolved. See current year's finding reference number 2009-08.

The re-certification process is done on an annual basis. The process is evidenced by various documents namely: *EIV Report, Inspection Report and Personal Declaration*. The re-certification process is not complete until the lease is executed. While the files cited did not contain an executed lease, documents supporting the status of the re-certification process were found in the file.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2008-09 and 2004-02

Condition

For eleven (11) tenants files reviewed, we were unable to verify their priority (date of application) selection from a prepared waiting list. It is our understanding through discussion with management that a waiting list was not maintained subsequent to its records destruction resulting from the impact of Hurricane Katrina on August 29, 2005

Recommendation

Management should re-construct and maintain a waiting list pursuant to the requirements of 24CFR section 982.202 through 982.207 to ensure that all files contain complete information to support selection from the waiting list.

Current Status

Unresolved. See current year's finding reference number 2009-11.

The Authority is currently in compliance with the 24 CFR regulations governing the HCVP waiting list. The housing authority opened its waiting list in January 2009. However, **the Authority** noted that the eleven files reviewed two (2) of the case files were of families who transferred their assistance to our jurisdiction under the Portability guidelines.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2008-10

Condition

For four (4) tenants files reviewed, we were unable to verify their priority (date of application) selection from a prepared waiting list. It is our understanding through discussion with management that a waiting list was not maintained subsequent to its records destruction resulting from the impact of Hurricane Katrina on August 29, 2005.

Recommendation

Management should re-construct and maintain a waiting list pursuant to the requirements of 24 CFR section 982.202 through 982.207 to ensure that all files contain complete information to support selection from the waiting list.

Current Status

Unresolved. See current year's finding reference number 2009-11.

The Authority is currently in compliance with 24 CFR regulations governing its waiting list.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2008-11

Condition

Based on review of two (2) tenant files, we were unable to identify tenant approval from the DIS System. Through inquiry with the DHAP coordinator, we noted that tenants for DHAP assistance were verified by the Executive Director, who provided staff with verbal approval for their admittance into the program.

We were unable to verify if complete tenant information had been inputted into the DIS System for the two (2) selected tenants.

Also, in reviewing the DHAP Katrina population schedule provided to us by **the Authority**, we noted twelve (12) of one hundred and forty-four (144) tenants whose rent amounts and move in and/or move out dates could not be identified. Furthermore, through discussion with the DHAP Contractor, we noted that a lump sum amount paid to a landlord (cumulative of payments for various tenants) could not be broken down into individual payments only the lump sum.

Furthermore we noted the following conditions..

- o Noted no signed individual development plan for the two (2) tenants reviewed.
- o Noted no documentation to support additional family members on file for two (2) participants selected. Therefore we could not identify if there were any members over 19 years old needing a needs assessment.
- o Noted no proof of ownership for property under contract with **the Authority**.
- o Noted no documentation of reassessments located in file.
- o Noted no documented home visit from case management.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2008-11

Recommendation

Management should evaluate the conditions previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all disbursements.

Current Status

Unresolved. See current year's finding reference number 2009-12.

During the period immediately following Hurricane Katrina, the Federal Emergency Management Agency (FEMA) was responsible for determining eligibility of tenants receiving payments under DHAP. Later FEMA and HUD entered into a memo of agreement to transfer eligibility determination to HUD. **The Authority** utilized eligibility information provided by FEMA and HUD respectively prior to issuing DHAP payments.

We will review the intake/eligibility determination/payment processes that were used for DHAP, identifying weaknesses in internal controls.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

2007-11

Condition

We randomly selected thirty (30) files out of two hundred fifty-nine (259) files referenced in the tenant assistance report generated by the "TENMAST" system. **The Authority** could not provide any of those randomly selected files for the tenants. The client was then requested to provide the files that they did not have, and they provided a total of only fifteen (15) files which were incomplete.

Recommendation

Management must maintain current and complete files on all program participants.

Current Status

Partially resolved.

Tenant files include check list in each file that detailed all required documentation. We used this checklist as the guide to insure the files contain all required documents.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

2007-12

Condition

We noted payments of \$466,528.79 from HAP Check payment report, however, there were a total of \$619,059.00 in deposits from HAP payment assistance according to bank statements. A significant difference of \$152,530.21 existed indicating that HAP payments are not being properly maintained or reconciled.

Recommendation

Management should hire staff with training related to properly recording and maintaining subledger accounts.

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

2007-13

***Condition**

Certain monthly bills were being paid through on-line deductions from the Authority's bank accounts. The payments appear to be for utilities and telephone expenditures.

Recommendation

It is recommended that procedures be developed relative to any on-line payments that would document proper approval of the payment of those expenditures.

Current Status

Unresolved.

This task will be reviewed and refined to insure proper approval is received prior to payments and proper documentation is maintained in the vendor files.

* Repeated.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009**

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Numbers

2007-15

Condition

Certain invoices and/or supporting documentation for sampled expenditures were unavailable for review during the audit. Most expenditures were made from a credit card.

Recommendation

It is recommended that all invoices and other supporting documentation be maintained on file and made available during audit. It is also recommended that credit cards of the Authority are not opened in the name of board members nor utilized by board members.

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Numbers

2007-16 and 2007-20

Condition

Property gutting, roof repairs and other major renovations following Hurricane Katrina were performed without requests for bids and/or responses to bids to support the selection process. Payments were also made to various contractors from which the Authority never received a written contract.

Recommendation

It is recommended that bids be requested, received, and maintained on file for certain purchases and/or requests for services. There should be contracts developed and maintained on file to support applicable cash disbursements. Also, there should be written Board approval for material expenditures.

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

2007-18

*** Condition**

A \$10,000 payment was made to **the Authority's** Executive Director outside of normal payroll processing. I was informed by the Executive Director that the \$10,000 was for retro-active pay intended to increase his salary for additional duties performed as a result of the aftermath of Hurricane Katrina. Also, a \$500 monthly payment was made to **the Authority's** Executive Director outside of normal payroll processing. I was informed by the Executive Director that the \$500 was for a monthly car allowance. It does not appear that these increases in pay were recorded in the W-2 of the Executive Director.

Recommendation

It is recommended that **the Authority's** Board of Directors maintain an active role in oversight of **the Authority** and document their activities via board minutes.

Current Status

Unresolved.

* Repeated

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

2007-19

***Condition**

Two key employees obtained occupancy of two low income apartment units from January 1, 2006 to August 1, 2008.

Recommendation

It is recommended that **the Authority** follow federal rules and regulations regarding its housing programs.

Current Status

Unresolved.

* Repeated.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

2006-07

Condition

In two (2) instances of ten (10) files tested, we noted the lack of documentation to support the Authority's certification of rent reasonableness. It is OUI understanding that as the Authority attempts to provide immediate housing for its returning residents there are instances where certain documents are lacking. Furthermore, it is our understanding through discussions with management that the lack of clear direction from HUD to include the number of comparable units available after Hurricane Katrina caused the described condition.

Recommendation

We recommend that management continue in its reconstruction effort. Also, all required documents should be obtained and/or documentation supporting the absence of such should be placed in the respective files.

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

2005-01 and 2005-03

Condition

As a result of the impact of Hurricane Katrina, certain documents such as cancelled checks, invoices, landlord payment registers, program participant file information, etc. were not available. **The Authority** was able to maintain its general ledger and other program data as its computer system is managed remotely by a service provider located outside of Louisiana.

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim geared towards ensuring the completeness of its records retention in the event of a disaster. The evaluation should include offsite storage opportunities by **the Authority's** financial and program software processing service provider. Also, management should continue the reconstruction of its program and financial records.

Current Status

Partially resolved.

The Executive Director has a disaster recovery plan in place, which includes offsite storage of backed up computer files.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Numbers

2004-01, 2000-04, and 2000-11

*** Condition**

Our review of the Authority's internal control over financial reporting exhibited the following conditions:

- o No documentation and/or authorization to support \$3,710 in adjustments made by the Authority's accountant to adjust rent income in the month of June 2003 for evictions, move-outs, etc.;
- o A reconciliation of the cash receipts for the month of August 2003, to the rent roll, bank statement and general ledger revealed an out of balance condition of \$406 between the total of the validated deposit tickets and bank statement of \$35,681 as compared to the general ledger amount of \$35,275;
- o Also, reconciliation of the cash disbursements register for the month of August 2003, to the bank statement and general ledger revealed an out of balance condition of \$450 between the cash disbursement register and general ledger of \$89,746.05 compared to the bank statement amount of \$89,296.05.
- o Furthermore, the Voucher Program's "HAP" registers did not agree to the general ledger for the month of August 2003;
- o Bank accounts reconciliations for the entire year were prepared by an individual with custodial and recordation responsibilities; and
- o Untimely and inaccurate reconciliation of all significant subsidiary ledger accounts to the related general ledger control accounts.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Numbers, Continued

2004-01, 2000-04, and 2000-11

Recommendation

Management needs to revise its procedures to enhance its monitoring and control environment. Specifically, the revision should include a review and approval of all journal entries and adjustments to the general ledger accounts, accurate preparation and review of all significant subsidiary ledger accounts, and greater oversight of key internal control activities.

Also, we recommend that **the Authority** implement a formal procedure to require the periodic reconciliation of its cash receipts and disbursements logs to the general ledger control accounts. Furthermore, the reconciliation should be reviewed by a supervisor and evidence of such indicated via an initialing and dating.

Current Status

Unresolved.

Management will address all conditions cited in our review of the financial tasks performed.

* Repeated.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

2004-03, 2002-07, 2001-04

***Condition**

The Authority did not use a detailed form specific to the "SEMAP" certification reporting for the tenant files sampled. As a result, we were unable to perform audit procedures to ascertain the Authority's response rate regarding the quality control sample of tenant files reviewed by the Authority's personnel for rent reasonableness.

Recommendation

We recommend that management ensure the adequacy of documentation supporting its annual "SEMAP" certification.

Current Status

Unresolved.

* Repeated.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section IV - Status of Prior Years' Audit Findings and Questioned Costs, Continued

Reference Number

2000-1, 1999-2, 1998-2 and 1998-10

Condition

Bank account reconciliations for the Operating Certificate, Voucher and Pearl River Voucher Programs were not prepared for the entire fiscal year by the designated staff. We noted subsequent to their preparation, a net cumulative out of balance condition before the effect of audit adjustments of approximately \$709,873 between the general ledger of \$53,540 to the reconciled amount of \$763,413 for the reference bank accounts.

Recommendation

Management should ensure the timely preparation of all bank account reconciliations. All out of balance conditions should be resolved immediately.

Current Status

Partially resolved. Also see reference finding number 2000-05.

The fee accountant is currently prepared the bank reconciliations for the operating accounting, while tracking the funds that run through the Voucher and Pearl River accounts. Additionally, we are identifying transactions that are not in TENMAST. This task is the basis of the updating of the TENMAST.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters

During the week of August 31, 2009 HUD performed on-site "SEMAP" review. The results of the review follows:

Reference Number

HUD - 09-01 - Failure to Conduct Quality Control for Rent Reasonableness

Condition

The Authority has a process for determining rent reasonableness and documents the files to show the rent is reasonable as required. However, the Authority does perform a quality control sample to determine if the Authority followed its written method to determine reasonable rent for new admissions, rental increase requests and decreases in fair market rents.

Corrective Action

Based on the number of new admissions and/or rental increase requests, the PHA must annually document a minimum of eleven (11) files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person) and maintain in a QC file. A copy of the QC sample is required to clear this finding.

Current Status

The SHA has developed a written policy for determining rent reasonableness comparisons for units leased in the Section 8 Housing Choice Voucher Program. The Section 8 Manager or other designated staff will be responsible for ensuring that the quality control samplings for rent reasonableness is performed in accordance with the 24 CFR 982.4, (d) and 985.158.3. Quality control samplings will include a review of the rent reasonableness determinations for initial HAP Contracts, owner's request for rent increase, and the anniversary date of the HAP contract, if there has been a 5% decrease in the published FMR in effect 60 days before the HAP contract's anniversary date. The Section 8 manager will maintain a log of all quality control samplings.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 09-02 - Failure to Conduct Quality of Determination of Adjusted Income

Condition

The Authority properly obtains third party verification of income and properly determines adjusted income in most cases. However, the Authority does not conduct quality control reviews of a sample of files to show the Authority is properly verifying and determining adjusted income and is using the appropriate utility allowance in determining gross rent.

Corrective Action

Based on the number of vouchers funded, the PHA must annually document at least eleven (11) files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person). The PHA should perform quality control of this indicator. A copy of your QC sample is required to clear this funding.

Current Status

The Section 8 manager will conduct a quality control sampling of program participants' files to ensure that the adjusted income determinations are properly verified and accurately applied per the 24 CFR part 5, subpart F and 982.516. Files will be randomly selected based on the number of new admissions, or reexaminations during the PHA's FYE. The supervisor will check the files for third party verification of the family's income, assets, and expenses, allowable deductions and utility allowance are correctly applied.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 09-03 - Failure to Conduct Quality Control of HQS Inspections

Condition

The PHA did not review a sample of HQS inspections as a quality control measure.

Corrective Action

Based on the number of vouchers funded, the PHA must annually document quality control reviews of at least eleven (11) inspections drawn in an unbiased manner and conducted by a PHA supervisor (or other qualified person). The QC inspections should be maintained in a QC file. A copy of the QC sample is required to clear this finding.

Current Status

The Section 8 manager will conduct a re-inspection of units randomly selected that are under contract during the PHA's FYE to ensure that the unit meets HQS standards and are decent, safe and sanitary. The selection will be based on recently completed HQS inspections performed within three months preceding the re-inspection and from units selected from a cross section of neighborhoods in the PHA's jurisdiction.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 09-04 - Failure to Conduct Quality Control of HQS Enforcement

Condition

24 CFR 982.404 and 985.3 state that following each HQS inspection of a unit under contract where the unit fails to meet HQS, any cited life-threatening HQS deficiency must be corrected with 24 hours from the inspection and all other cited HQS deficiencies must be corrected within no more than 30 calendar days from the inspection or any PHA-approved extension. In addition, if HQS deficiencies are not corrected in a timely manner, the indicator shows whether the PHA stops (abates) housing assistance payments beginning no later than the first of the month following the specified correction period or terminates the PHA contract for, for family caused defects, takes prompt and vigorous action to enforce the family obligations.

Corrective Action

Develop and implement a Quality Control system that tracks HQS enforcement and include, as a minimum, the name of participant/landlord, address of unit, date and results of previous inspection, inspector's name and date of notification regarding deficiencies, date of re-inspection, date of abatement and date of termination (if applicable). A copy of the QC sample is required to clear this finding.

Current Status

The Section 8 supervisor will conduct a sampling of failed HQS inspections under contract to ensure cited life-threatening deficiencies are corrected in accordance with regulations and failed HQS deficiencies are corrected in a timely manner. The Section 8 manager will also check to see if the appropriate action is taken for HQS deficiencies that are not corrected in accordance with the 24 CFR 982.404 and 985.3. Section 8 staff will also track inspections results.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 09-05 - Failure to Implement Expanding Housing Opportunities
to Encourage Owner Participation

Condition

The Authority did not implement a written policy to encourage landlord participation for expanding housing opportunities. **The Authority's** briefing packet does not contain the required information.

Corrective Action

The Authority documentation shows it has a written policy to encourage participation by owners of units outside areas of poverty or minority concentration. **The Authority** cannot otherwise document that it took the actions indicated in its policy to encourage participation by owners of units outside areas of poverty and minority concentration. **The Authority** has not prepared maps that show various areas both within and neighboring its jurisdiction, with housing opportunities outside areas of poverty and minority concentration. **The Authority's** information packet does not contain a list of owners who are willing to lease for properties available for lease. This information, is however, available at **the Authority**. The information packet includes an explanation of how portability works, but does not include a list of neighboring PHAs. The PHA cannot document that it has analyzed whether voucher holders have experienced difficulties in finding housing outside areas of poverty or minority concentration. To clear this finding, provide copies of the missing documentation.

Current Status

The Authority continues to encourage landlord participation in its Section 8 Program. **The Authority** uses available resources to recruit new landlords into the program via newspaper advertisements, announcements posted in office, telephone contacts, and landlord orientations.

The Section 8 briefing packages will be updated to include a map within the PHA's jurisdiction with housing opportunities outside areas of poverty and minority concentration. The PHA's list of owners willing to participate in the program and a list of available properties are maintained by **the Authority** according to bedroom size. This information is given to our clients at the Section 8 briefing, and made available to clients during normal business hours.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 09-06 - Failure to Conduct Timely Annual Re-Examinations

Condition

As of March 31, 2009, the MTCS Re-Examination Report shows the Authority has 11% of units not re-examined in a timely manner.

Corrective Action

On a monthly basis, the Authority review the Re-examination Report in PIC to ensure the number of months since the last re-examination for each tenant reflects 12 months or less.

Management's Response

The Section 8 Manager will perform a quality sampling of files.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 09-07 - Failure to Inspect Each Newly Leased Unit Before the
Beginning Date of the Assisted Lease and HAP Contract

Condition

As of March 31, 2009, the MTCS report shows **the Authority** had 11% of units not inspected before the beginning date of the assisted lease and HAP contract.

Corrective Action

On a monthly basis, **the Authority** should review the HQS Report in PIC to ensure the number of months since the last HQS inspection reflects 12 months or less.

Management's Response

The Section 8 Manager will review the HQS report on a monthly basis.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 09-08 - Failure to Maintain Lease-Up of at Least 90%

Condition

As of March 31, 2009, the Authority had a lease up rate of 85%.

Corrective Action

The Authority should make every effort to begin processing their waiting list in order to fully lease up the program. Submit a report monthly to the local HUD office reflecting the lease up rate.

Management's Response

The fee accountant engaged by the Authority is a licensed certified public accountant. The Authority uses the TenMast accounting system, which is the basis for its financial statement. However, components of the system had not been used consistently. The cash transactions that were not recorded in TenMast have been identified and the fee accountant is currently coordinating the effort to update the accounting system.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters

The following is a status of prior year's other matters:

Reference Number

HUD - 08-01

Condition

The Authority has only three members on its Board of Commissioners.

Corrective Action

The Authority must immediately take the necessary actions to notify the Mayor of Slidell about the vacancies on the Board.

Current Status

Resolved.

New board members have been appointed.

* Repeated.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 08-02

***Condition**

The Authority is downloading incorrect data to the general ledger thereby reporting inaccurate financial records. The Tenant Accounts Payable as per the financial statements as of December 31, 2007 reflects the amount of \$43,595 due to **the Authority**.

Corrective Action

The Authority must correct its financial statement to reflect the actual amount monies due to **the Authority** in Tenant Accounts Payable. Submit a copy of the corrected statement with a Board resolution confirming completion of the task.

Current Status

Unresolved.

The Authority is working with its software provider to correct the financial data.

* Repeated.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 08-03

***Condition**

The Authority has allowed two (2) employees to live rent and utility free in two (2) dwelling units for a period of at least 29 months.

Corrective Action

The Authority may either request HUD approval to house employees in public housing units or the two employees should immediately move-out of the units and the units should be rented to qualified applicants from the waiting list. Regardless of which option is chosen, you must provide evidence to show that the receipt of fringe benefits in the form of free lodging has been reported to IRS for the calender years of 2005, 2006 and 2007.

Current Status

Unresolved.

Management continues to work on reducing occupancy loss.

* Repeated

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 08-04

Condition

The Authority does not have a Board approved operating budget for 2006, 2007, or 2008. **The Authority** was unable to provide evidence that the Board had complete monitoring oversight of the operating budget.

Corrective Action

The Authority must establish a financial management policy and procedure and implement the practices in accordance with Federal and State law. The Board must conduct a meeting at least once annually to review and approve the operating plan of the agency. The Board is responsible for monitoring the budget for overruns and soundness. Submit a copy of the Board approved policy and procedures for financial management, and an approved copy of current operating budget accompanied by a resolution acknowledging compliance.

Current Status

Resolved.

The reference documents were ratified unanimously at the March 2008 board meeting.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 08-05

Condition

The Authority has failed to re-establish and implement policies required for the operation of **the Authority**. The Executive Director stated that HUD had copies of policies previously submitted in 2004. **The Authority** did not request copies of the previously established policies for their records. The PHA lacks a cash management/internal procedures policy, a collection/charge-off policy, a cash overages/shortages policy and an investment policy.

Corrective Action

The Authority must re-establish policies for the operation of **the Authority**. Each policy should be copies and distributed to each Board member. Each Board member should review the policies and make constructive comments as warranted. A general consensus of any changes needed should be arrived at by the Board. Policies should be cross referenced. By this we mean that the collection policy must agree with the dwelling lease and ACOP.

Current Status

Resolved.

The Authority under an MOA in April 2005, adopted all the policies referenced. The policies are maintained on the agency computers under the policies and procedures of **the Authority**. Policies have been re-adopted.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 08-06

***Condition**

The Authority continues to carry the residents from the Washington Heights site on the rental register. This site was destroyed by Hurricane Katrina in August, 2005. **The Authority** continues to add rental charges each month to those tenant's accounts.

Corrective Action

The Authority must maintain an accurate rental register on-site with the following information: tenant name, unit number, previous balance (if any), amount of rent charged for the month, other charges, amount paid, balance, and amount of security deposit on deposit. **The Authority** must delete the vacant tenants from the rental register. **The Authority** must submit a copy of the corrected rental register to the New Orleans HUD office.

In addition, **the Authority** must make an attempt to contact the former residents of the Washington Heights site who have relocated and refund security deposits that are due to them. In the event the residents are not found, **the Authority** must make a notation of the residents involved and maintain the deposits as payable to the residents. Submit a copy of the Board resolution confirming compliance to our office.

Current Status

Unresolved.

The Authority reviews its currently generated rental register and revise accordingly with HUD request. Security deposits will be returned to former residents of Washington Heights when **the Authority** obtains accurate information on their location.

* Repeated.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 08-07

Condition

The Executive Director provided a Procurement Policy that was adopted on December 9, 2004 by the Board. The Executive Director subsequently provided a different Procurement Policy with an adoption date of November 19, 2007. It is unclear how the November, 2007 policy was adopted by the Board since the Board has not met since May, 2005.

Corrective Action

The Authority update its Procurement Policy, submit the revised policy for public comment and have the policy adopted by the Board before submitting a copy to our office.

Current Status

Resolved.

The current policy has been adopted by the Board.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 08-08

Condition

The Executive Director is maintaining all Procurement and Contracting information in one file folder. The Executive Director was unable to provide adequate documentation to evidence the original contract awards or in some cases the current contract amount following any change orders.

Corrective Action

The Authority must maintain Procurement and Contract files in accordance with 24 CFR 85.36(b)(9) and HUD Handbook 7460.8 REV 2.

Current Status

Partially resolved.

The Authority will review and update all contract and Procurement files as requested.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 08-09

Condition

The utility allowance has not be updated since 2004.

Corrective Action

The Authority must review its Utility Allowances and determine whether an adjustment is needed. If an adjustment is warranted, **the Authority** must take the necessary steps to afford tenants the correct Utility Allowance.

Current Status

Resolved.

The Authority will update the required utility allowance annually.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2009

Section V - Other Matters, Continued

Reference Number

HUD - 08-10

Condition

The ACOP was last updated in 2004 and does not include information pertaining to the Violence Against Women Act (VAWA).

Corrective Action

The Board of Commissioners must adopt the provisions of the VAWA.

Current Status

Resolved.

The Authority has adopted the provisions of the VAWA.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

EXIT CONFERENCE

The financial statements and all related reports, exhibits and schedules were discussed at an exit conference. Those that participated in the conference:

HOUSING AUTHORITY OF THE CITY OF SLIDELL

Mr. Marvin V. Butler

-- Executive Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA

-- Partner



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcida J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

In planning and performing our audit of the financial statements of **Housing Authority of the City of Slidell (the Authority)**, as of and for the year ended March 31, 2009, in accordance with auditing standards generally accepted in the United States of America. We considered **the Authority's** internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and 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.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior year's other matters. We previously reported on **the Authority's** internal control in our report dated April 30, 2010. This letter does not affect our report dated April 30, 2010 on **the Authority's** internal control over financial reporting or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience, and to perform any additional study of these other matters.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

**CURRENT YEAR'S OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED**
2009

Condition

The Authority continues to face challenges impacting its ability to prepare on a timely basis reconciliation between the detail subsidiary ledgers and the general ledger control account balances for the Authority's significant accounts in its Low Rent, Voucher and Capital Fund Programs.

Recommendation

Management should continue in its effort to complete the reconstruction process to facilitate the timely reconciliations of all significant accounts.

Management's Response

Management has engaged to services of a certified public accountant to coordinate efforts towards resolution of the condition.

Condition

At the start of fieldwork, we noted no complete bank account reconciliations prepared for the Housing Choice Voucher and Low Rent Programs for the months from April 2008 through March 31, 2009.

Recommendation

Management should ensure the timely preparation of complete bank account reconciliations to include the preparation and posting of all adjustments resulting from the reconciliation process.

Management's Response

Management has engaged to services of a certified public accountant to coordinate efforts towards resolution of the condition.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

**CURRENT YEAR'S OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2009**

Condition

Currently, **the Authority's** leased-up levels (Voucher and Public Housing Programs) have been significantly impacted by the events of hurricane Katrina.

Recommendation

We recommend that management continue to explore avenues to increase its current leased-up levels.

Management's Response

The Authority has initiated activities geared toward increasing the level of leased-up.

Condition

The Authority should continue its review of existing policies and procedures and complete the necessary updates and/or development of new policies and procedures in all aspects of its operation.

Recommendation

We recommend that management complete the review process and develop the necessary policies and procedures.

Management' Response

Management continues to evaluate the need for updates to its existing policies and procedures.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

**CURRENT YEAR'S OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2009**

Condition

The Authority does not maintain a current capital assets subsidiary ledger to account for all capital assets. Also, a depreciation schedule is not maintained with the periodic expense recorded on a timely basis.

Recommendation

We recommend that a capital assets schedule should be prepared to include the periodic depreciation computation and recordation. The schedules should be updated monthly.

Management's Response

Management is currently working on a schedule for capital asset additions within its capitalization policy.

Condition

The Authority has not performed a comprehensive assessment of the costs associated with managing its various housing programs. Such a process should include a review of various costs allocated to the respective programs.

Recommendation

We recommend that management of the Authority undertake a comprehensive evaluation of its programs with an intent to align various programs to attain efficiency and cost containment.

Management's Response

Management has prepared budgets for this fiscal year that addresses the condition.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

**CURRENT YEAR'S OTHER MATTERS
RELATED TO INTERNAL CONTROL
2008 and Prior**

The following is status of prior year's other matters related to internal control:

***Condition**

For the test month of September 2007, we were unable to traced rent collections by tenant to the validated bank deposits either individually or by batch as the validated deposit slips were unavailable.

Two (2) payments made to a credit card account lacked supporting documents to evidence the type of expenses incurred to include their allowability.

All sixteen (16) disbursements selected lacked evidence of cancellation to prevent the potential for further use.

Eleven (11) of sixteen (16) disbursements reviewed revealed absence of any evidence to support the clerical verification of the invoices prior to payment.

Eleven (11) of sixteen (16) disbursements reviewed lacked the appropriate evidence to facilitate our determination of the allowabiity of expenses incurred.

For thirteen (13) of the sixteen (16) transactions selected, we were unable to ascertain that the expenses have been charged to the appropriate cost category.

Recommendation

Management should re-evaluate its current internal control processes with an aim towards ensuring its completeness.

Current Status

Unresolved.

* Repeated

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

**CURRENT YEAR'S OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2008**

***Condition**

The Authority continues to face challenges impacting its ability to prepare on a timely basis reconciliation between the detail subsidiary ledgers and the general ledger control account balances for the Authority's significant accounts in its Low Rent, Voucher and Capital Fund Programs.

Recommendation

Management should continue in its effort to complete the reconstruction process to facilitate the timely reconciliations of all significant accounts.

Current Status

Unresolved.

Condition

At the start of fieldwork, we noted no complete bank account reconciliations prepared for the Housing Choice Voucher and Low Rent Programs for the months from April 2007 through March 31, 2008.

Recommendation

Management should ensure the timely preparation of complete bank account reconciliations to include the preparation and posting of all adjustments resulting from the reconciliation process.

Current Status

Unresolved.

* Repeated.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

**CURRENT YEAR'S OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2008 and Prior**

***Condition**

Currently, the Authority's leased-up levels (Voucher and Public Housing Programs) have been significantly impacted by the events of hurricane Katrina.

Recommendation

We recommend that management continue to explore avenues to increase its current leased-up levels.

Current Status

Unresolved.

***Condition**

The Authority should continue its review of existing policies and procedures and complete the necessary updates and/or development of new policies and procedures in all aspects of its operation.

Recommendation

We recommend that management complete the review process and develop the necessary policies and procedures.

Current Status

Unresolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

**CURRENT YEAR'S OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED**
2008 and Prior

***Condition**

The Authority does not maintain a current capital assets subsidiary ledger to account for all capital assets. Also, a depreciation schedule is not maintained with the periodic expense recorded on a timely basis.

Recommendation

We recommend that a capital assets schedule should be prepared to include the periodic depreciation computation and recordation. The schedules should be updated monthly.

Current Status

Management is currently working on a schedule for capital asset additions within its capitalization policy.

***Condition**

The Authority has not performed a comprehensive assessment of the costs associated with managing its various housing programs. Such a process should include a review of various costs allocated to the respective programs.

Recommendation

We recommend that management of the Authority undertake a comprehensive evaluation of its programs with an intent to align various programs to attain efficiency and cost containment.

Current Status

Management through its budgetary process evaluates the need to align cost associated with the management of its programs.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the Board of Commissioners, management, the Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

April 30, 2010