

DEEMER

CPA & CONSULTING
SERVICES, LLC

1111 Poydras Street
New Orleans, Louisiana 70112
504.581.1111
www.deemer.com

HOUSING AUTHORITY OF THE CITY OF SLIDELL

FINANCIAL AND COMPLIANCE AUDIT TOGETHER WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED MARCH 31, 2007

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 3/11/09

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT.....	1
MANAGEMENT DISCUSSION AND ANALYSIS.....	3
STATEMENT OF NET ASSETS—ENTERPRISE FUND MARCH 31, 2007.....	12
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS—ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2007.....	13
NOTES TO THE FINANCIAL STATEMENTS.....	14
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information.....	26
EXHIBIT I Combining Statement of Net Assets—Enterprise Fund March 31, 2007.....	28
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Fund Net Assets—Enterprise Fund For the Year Ended March 31, 2007.....	30
Schedule I - Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2007.....	31
Schedule II - Financial Data Schedule – Combining Balance Sheet March 31, 2007.....	32
Schedule III - Financial Data Schedule – Combining Statement of Revenues and Expenses For the Year Ended March 31, 2007.....	36

TABLE OF CONTENTS, CONTINUED

	PAGE
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.....	40
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	43
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2007:	
Section I - Summary of Auditors' Results.....	47
Section II - Financial Statement Findings and Questioned Costs.....	49
Section III - Federal Award Findings and Questioned Cost.....	59
Section IV - Status of Prior Year's Findings and Questioned Costs.....	69
Exit Conference.....	98
Management's Action Plan	



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

INDEPENDENT AUDITORS' REPORT

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

I was engaged to audit the accompanying statements of net assets- enterprise fund and the related statements of revenues, expenses and changes in fund net assets of the **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2007. These financial statements are the responsibility of the **Authority's** management. My responsibility is to express an opinion on these financial statements based on my audit.

On August 29, 2005, the impact of hurricane Katrina resulted in the near total loss of the Washington Heights Sections of the rental units and office building of **the Authority**. Also, certain documents including the capital assets detail, (from inception through August 29, 2005) was completely destroyed. This detail has not been reconstructed. Additionally, the agency lacks controls and the proper staffing required to accumulate, process, and record financial information.

Furthermore, a cash flow statement was not presented in accordance with generally accepted accounting principles. This statement would provide details of the results of operations and cash flows at March 31, 2007.

Minutes from board meetings were not available for review. There is uncertainty as to why minutes from board meetings were not recorded and/or not maintained on file.

Because of the significance of the matters described above, including the destruction of the capital assets records of **the Authority**, the inability of **the Authority** to implement the requirements of Government Accounting Standards Board's (GASB) Statement Number 42(Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries), their lack of controls relative to accumulating, processing and recording financial information, the absence of a cash flow statement and minutes from board meetings, I was unable to apply sufficient auditing procedures and was unable to apply alternative auditing procedures sufficient to render an opinion on the financial statements. As such, I am unable to express, and I do not express, an opinion on the financial statements referred to in the first paragraph.

INDEPENDENT AUDITORS' REPORT

(Continued)

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana
Page 2

In accordance with *Government Auditing Standards*, I have also issued my report dated December 12, 2008, on my consideration of the Authority's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my 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 my audits. Also, that report contained instances of noncompliance, reportable conditions, and material weaknesses.

The management's discussion and analysis on pages 3 through 11 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. I 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, I did not audit the information and express no opinion on it.

Deemer CPA and Consulting Services, LLC

December 12, 2008

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 years ended March 31, 2007 and 2006. 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 at the close 2007 and 2006 by \$10,424,652 and \$4,787,745 (net assets). Of these amounts, \$2,805,633 at March 31, 2007 and \$528,612 at March 31, 2006 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.

Restricted net assets were \$3,977,696 and \$527,810 at March 31, 2007 and 2006, respectively. The restricted net assets are reserved for future housing assistance payments and renovations of the Authority's buildings.

The Authority's enterprise fund reported net assets of \$10,424,652 at March 31, 2007 and \$4,787,745 at March 31, 2006, an increased in net assets \$5,636,907 and \$552,414 in 2007 and 2006 respectively. These increases are primarily attributable to the financial impact, of hurricane Katrina for the year ended March 31, 2007 and March 31, 2006.

The Authority had total operating revenues of \$127,595 and \$129,132 for the years ended March 31, 2007 and 2006, subsidies and capital grant revenues were \$1,530,990 and \$1,774,108 and non-operating revenues of \$-0- and \$-0-. Total operating expenses for the years ended March 31, 2007 and 2006 were \$1,188,081 and \$1,350,826.

**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 100% for 2007, 100% for 2006 for the Authority's non-operating revenues with dwelling income accounting for 100% of its operating revenues for the years ended March 31, 2007 and 2006.

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 business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

REPORTING OF 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 2007 and 2006" 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 help 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 SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FUND FINANCIAL STATEMENT

A fund is grouping of related accounts that are 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 program.

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 provide 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 her 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 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 provided 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 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 \$10,424,652 and \$4,787,745 at March 31, 2007 and 2006. Of this amount, \$2,805,633 and \$528,612 was unrestricted. The unrestricted net assets of the Authority are available for future use to provide program services. The restricted net assets of \$3,977,696 and \$527,810 at March 31, 2007 and 2006, respectively are reserved for future housing assistance payments and renovations of the Authority's buildings.

Table 1
Condensed Statement of Net Assets

The following table represents a condensed Statement of Net Assets as of March 31, 2007 and 2006:

Condensed Statement of Net Assets		
March 31		
<u>Assets</u>		
	<u>2007</u>	<u>2006</u>
Current Assets	\$6,970,517	\$ 1,168,560
Capital Assets, net	<u>3,641,323</u>	<u>3,731,323</u>
Total Assets	<u>10,611,842</u>	<u>4,899,883</u>
 <u>Liabilities</u>		
Current Liabilities	185,393	110,341
Noncurrent liabilities	<u>1,797</u>	<u>1,797</u>
Total liabilities	<u>187,190</u>	<u>112,138</u>
 <u>Net Assets</u>		
Net assets:		
Invested in capital assets, net	3,641,323	3,731,323
Restricted	3,977,696	527,810
Unrestricted	<u>2,805,633</u>	<u>528,612</u>
Total net assets	<u>\$10,424,652</u>	<u>\$ 4,787,745</u>

**HOUSING AUTHORITY OF THE CITY 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, 2007 and 2006:

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

	<u>2007</u>	<u>2006</u>
Revenues:		
Operating revenues	\$ <u>127,595</u>	\$ <u>129,132</u>
Total operating revenues	<u>127,595</u>	<u>129,132</u>
Expenses:		
Operating Expenses	<u>1,188,081</u>	<u>1,350,826</u>
Total operating expenses	<u>1,188,081</u>	<u>1,350,826</u>
Operating loss	<u>(1,060,486)</u>	<u>(1,221,694)</u>
Non-operating revenues:		
Non-operating revenues	<u>1,530,990</u>	<u>1,774,108</u>
Total non-operating revenues	<u>1,530,990</u>	<u>1,774,108</u>
Change in net assets	470,504	552,414
Beginning net assets, as restated	<u>9,954,148</u>	<u>4,235,331</u>
Ending net assets	<u>\$10,424,652</u>	<u>\$4,787,745</u>

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

EXPLANATIONS OF FINANCIAL ANALYSIS

Overall, net assets increased by 118% from 2006 to 2007.

That change is reflected in the increase in cash of about 675%. Also, capital asset decrease of approximately \$90,000 was due to the depreciation of equipment and modernization projects.

The primary cause for the increase in net assets is the change in net assets in 2007 of \$470,504 net of prior period adjustments of \$5,166,403 to change 2006 ending net assets to \$9,954,148.

Compared with prior fiscal year, total operating and non-operating revenues in 2007 decreased by \$244,655 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues decreased from \$129,132 in 2006 to \$127,595 in 2007 primarily because of changes in tenant's personal income levels which serves as a basis for tenant rent level calculation payments.
- Subsidies from HUD for the Low Rent and Housing Choice Voucher Programs decreased from \$1,774,08 in 2006 to \$1,530,990 in 2007 due to a reduced level of leased units caused by the impact of hurricane Katrina on August 29, 2005.

Compared to the prior fiscal year, total operating expenses decreased from \$1,350,826 in 2006 to \$1,188,081 for the year ended March 31, 2007.

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

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

The main reason for most of this change is listed below:

- Housing assistance payments were greatly reduced since a significant number of prior tenants remain displaced by hurricane Katrina and they are receiving benefits in other areas of the country.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2007 and 2006, the Authority had \$3,641,323 and \$3,731,323 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 \$90,000.

	Capital Assets, Net	
	March 31	
	<u>2007</u>	<u>2006</u>
Land and land improvements	\$ 779,855	\$ 779,855
Buildings and buildings improvements	4,949,632	4,949,632
Furniture and equipment	21,047	21,047
Construction-in-progress	<u>394,721</u>	<u>394,721</u>
	6,145,255	6,145,255
Less Accumulated depreciation expense	<u>(2,503,932)</u>	<u>(2,413,932)</u>
Total	<u>\$3,641,323</u>	<u>\$3,731,323</u>

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

CAPITAL ASSET AND DEBT ADMINISTRATION, CONTINUED

Capital Assets, Continued

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, 2007 and 2006.

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 economics conditions. The operating subsidy for the fiscal year March 31, 2007 has been approved 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
FOR THE YEAR ENDED MARCH 31, 2007**

ASSETS

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
CURRENT ASSETS:		
CASH AND TEMPORARY CASH INVESTMENTS	\$ 8,590,592	-
RESTRICTED CASH	14,120	-
ACCOUNTS RECEIVABLE	311,647	-
PREPAID ITEMS	54,160	-
DUE FROM OTHER FUNDS	<u>-</u>	<u>348,369</u>
TOTAL CURRENT ASSETS	<u>8,970,519</u>	<u>348,369</u>
NON-CURRENT ASSETS:		
CAPITAL ASSETS, NET	<u>3,641,323</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	<u>3,641,323</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 10,611,842</u>	<u>\$ 348,369</u>

LIABILITIES

CURRENT LIABILITIES:		
ACCOUNTS AND OTHER PAYABLES	61,601	-
COMPENSATED ABSENCES PAYABLE	-	-
SECURITY DEPOSITS HELD FOR TENANTS	15,097	-
PAYROLL TAXES PAYABLE	<u>108,695</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>185,393</u>	<u>-</u>
NON-CURRENT LIABILITIES:		
COMPENSATED ABSENCES PAYABLE	<u>1,797</u>	<u>1,530</u>
TOTAL NON-CURRENT LIABILITIES	<u>1,797</u>	<u>1,530</u>
TOTAL LIABILITIES	<u>\$ 187,190</u>	<u>\$ 1,530</u>

NET ASSETS

NET ASSETS:		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	3,641,323	-
RESTRICTED	3,977,696	328,693
UNRESTRICTED	<u>2,805,633</u>	<u>18,146</u>
TOTAL NET ASSETS	<u>10,424,652</u>	<u>346,839</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,611,842</u>	<u>\$ 348,369</u>

The accompanying notes are an integral part of these 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, 2007**

	<u>PRIMARY UNIT</u>	<u>COMPONENT UNIT</u>
OPERATING REVENUES:		
DWELLING RENTAL	\$127,595	\$0
FEES AND CHARGES	<u>0</u>	<u>0</u>
TOTAL OPERATING REVENUES	<u>127,595</u>	<u>0</u>
OPERATING EXPENSES:		
SALARIES AND EMPLOYEE BENEFITS	334,916	0
MATERIALS	9,351	0
CONTRACTUAL SERVICES	204,425	0
PROFESSIONAL AND CONSULTING	6,389	5,550
UTILITIES	6,152	861
TRAINING	1,375	0
DEPRECIATION	90,000	0
INSURANCE	5,188	0
HOUSING ASSISTANCE PAYMENTS	466,529	243,739
CONVENTION AND TRAVEL	20,140	0
TELEPHONE	12,890	0
SUPPLIES	5,680	0
TENANT SERVICES	5,208	0
POSTAGE AND PRINTING	5,498	0
ADVERTISING	144	0
SECURITY	0	0
MEMBERSHIP AND DUES	3,098	0
COURT FEES	71	0
PROTECTIVE SERVICES	510	0
COMPUTER SOFTWARE	4,451	2,214
OTHER	<u>6,066</u>	<u>0</u>
TOTAL OPERATING EXPENSES	<u>1,188,081</u>	<u>252,364</u>
OPERATING LOSS	<u>-1,060,486</u>	<u>-252,364</u>
NON-OPERATING REVENUES:		
GRANTS AND SUBSIDIES	<u>1,530,990</u>	<u>270,510</u>
TOTAL NON-OPERATING REVENUES	<u>1,530,990</u>	<u>270,510</u>
CHANGE IN NET ASSETS	<u>470,504</u>	<u>18,146</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>9,954,148</u>	<u>0</u>
NET ASSETS, END OF YEAR	<u>\$10,424,652</u>	<u>\$18,146</u>

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

HOUSING AUTHORITY OF THE CITY 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, 2007, the Authority was primarily engaged in the Administration of Low-Income and Housing Choice Voucher 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.

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 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 separated 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. Consequently, the Authority is not a component unit of the City of Slidell's reporting entity. Also, as described in Note 11 of the financial statements, the Housing Authority of the City of Pearl River is a component unit of the Slidell Housing Authority and as such, they are presented in the Authority's financial statements as a discrete component unit.

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 government 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 issued prior to November 30, 1989 in accounting and reporting for its propriety operations. The Authority's fund includes 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

Measurement Focus and Basis of Accounting and Financial Statement of Presentation

The Authority adopted the provisions of Government Accounting Standards Board Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*." Statement No. 34 established standards for external financial reporting for all state and local government entities, which includes a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. It requires the classification of net asset into three components-invested in capital assets, net of related debt; restricted; unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net related debt* – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* – This component of net assets consists of constraints placed on net assets used through external constraints imposed by creditors (such as though debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

**Measurement Focus and Basis of Accounting and Financial
Statement of Presentation, Continued**

- ***Unrestricted net assets*** – This component of net assets consists of net Assets that do not meet the definition of “restricted” or “invested in Capital assets, net related debt”.

The term measurement focus is used to denote what is being measured and reported in **The Authority’s** operating statement. **The Authority’s** financial statements are reported on using the flow of economic resources measurement focus and accrual basis of accounting. The fundamental objective of this focus is to measure whether **The Authority** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **The Authority’s** operating statement. **The Authority** used the full accrual basis accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

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.

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

Amounts Receivables

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.

Capital Assets

Capital assets are recorded at cost or estimated costs. Donated assets are valued at estimated fair value at time of receipt. When no historical records are available, capital assets are valued at estimated historical costs. 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 capital assets and asset acquisitions over \$500.

Capital assets 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

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

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

Capital Assets, Continued

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 assets expected future cash flows is less than the carry value amount of the assets, an impairment loss should be recognized. At March 31, 2007, management has not estimated the effect of adoption of Government Accounting Standards Board's Statement Number 42 "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries".

See prior year finding reference number 2006-04 for additional discussion.

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.

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

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

Budget

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.

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 amount 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 estimated.

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 activities have been eliminated in the accompanying enterprise fund financial statements level.

**HOUSING AUTHORITY OF THE CITY OF SIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 Amounts Receivable, net:

Amounts receivable as of March 31, 2007, consisted of the following:

	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	LOW RENT HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	TOTAL
HUD	0	0	311,647	311,647
TENANT ACCOUNTS RECEIVABLE	0	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	0	0	311,647	311,647
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>0</u>	<u>0</u>	<u>311,647</u>	<u>311,647</u>

NOTE 3 Prepaid Items:

Prepaid items at March 31, 2007, consisted of prepaid insurance of \$54,160.

NOTE 4 Capital Assets, net

March 31, 2007

	BEGINNING BALANCE	ADDITION	<u>RETIREMENT</u>	<u>OTHER</u>	TOTAL
LAND AND LAND IMPROVEMENTS	779,855	0	0	0	779,85
BUILDING AND BUILDING IMPROVEMENTS	4,949,632	0	0	0	4,949,63
EQUIPMENT	21,047	0	0	0	21,04
CONSTRUCTION IN PROGRESS	<u>394,721</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>394,72</u>
	6,145,255	0	0	0	6,145,25
LESS ACCUMULATED DEPRECIATION	<u>-2,413,932</u>	<u>-90,000</u>	<u>0</u>	<u>0</u>	<u>-2,503,93</u>
TOTAL	<u>3,731,323</u>	<u>-90,000</u>	<u>0</u>	<u>0</u>	<u>3,641,32</u>

NOTE 5 - Cash and Temporary Cash Investment:

At March 31, 2007, the Authority's bank balance was \$6,590,592. 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.

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, 2007, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

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

Note 5 - Cash and Temporary Cash Investment, Continued

At March 31, 2007, cash and Temporary cash investment consisted of the following:

	<u>Low Public Rent Housing Program</u>	<u>Interest Rate at Maturity</u>	<u>Maturity</u>
Demand Deposits	\$ 65,895	N/A	N/A
Sweep Account	2,547,000	5.65%	Daily
Savings Account	<u>3,977,697</u>	5.22%	Daily
Total	<u>\$ 6,590,592</u>		

NOTE 6 Restricted Cash

At March 31, 2007, restricted cash consisted of \$14,120 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, 2007, consist of the following:

	<u>ANNUAL CONTRIBUTION CONTRACTS</u>		
	<u>Low Rent Public Housing Program</u>	<u>Housing Choice Voucher Program</u>	<u>Total</u>
Vendors	\$43,593	-0-	\$43,593
Other	<u>18,008</u>	<u>-0-</u>	<u>18,008</u>
Total	<u>\$61,601</u>	<u>-0-</u>	<u>\$61,601</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.

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

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.

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, 2007, the Authority has executed agreements with HUD totaling \$525,095 for various modernization, capital fund acquisitions and management improvement projects. Balance of funds remaining at March 31, 2007 was \$356,208 (See Schedule IV):

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

NOTE 13 - Per Diem to Board Members:

During the year ended March 31, 2007, no board member received per diem in his or her capacity as a Commissioner.

NOTE 14 - Net Assets Beginning of the Year Restated:

The net adjustment of \$5,166,403 is to properly state beginning net assets to reflect a cash balance existing in a savings account from insurance proceeds, which was not previously recorded.

NOTE 15 - Hurricane Katrina:

On August 29, 2005, hurricane Katrina substantially (near total loss) damaged the Washington Heights Section of the rental units and central office building of the Authority. As of August 24, 2007, the necessary insurance claims have been filed and funds received. While the Washington Heights location of the Authority's rental units is off the rent roll, the Authority continues to receive operating subsidies from HUD while management undertakes the necessary renovations.

SUPPLEMENTARY INFORMATION



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

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

My report on my audit of the March 31, 2007, financial statements of **Housing Authority of the City of Slidell (the Authority)** appears on page 1. That audit was attempted for "the purpose of forming an opinion on the financial statements taken as a whole", which I was unable to perform.

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 attempted audit of the financial statements. Because of the destruction of the Authority's capital assets records resulting from the impact of hurricane Katrina on August 29, 2005, their inability to exercise appropriate internal controls over accumulating, processing and recording financial information, the absence of a cash flow statement and minutes from board meetings, the scope of my work was not sufficient to enable me to express, and I 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 and III) 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. A schedule of Capital Fund Program Costs was omitted as it was incomplete. Because of the significance of the matters previously described, I am unable to express, and I do not express an opinion on Schedules II and III 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 attempted audit of the financial statements. Because of the significance of the matters previously described, I am unable to express, and I do not express an opinion on Exhibits I and II of the financial statements taken as a whole.

Deemer CPA and Consulting Services, LLC

December 12, 2008

HOUSING AUTHORITY OF THE CITY OF SLIDELL
COMBINING STATEMENT OF NET ASSETS—ENTERPRISE FUND
 March 31, 2007

EXHIBIT I
 Page 1 of 2

	LOW RENT HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	CAPITAL FUND PROGRAM	TOTAL MEMORANDUM ONLY
<u>ASSETS</u>					
Cash and temporary cash investment	6,590,592	-	-	-	6,590,592
Restricted cash	14,120	-	-	-	14,120
Amounts receivable, net	311,647	-	-	-	311,647
Prepaid assets	54,160	-	-	-	54,160
Due from other programs	-	-	-	-	-
Capital assets, net	<u>3,225,555</u>	<u>-</u>	<u>-</u>	<u>415,768</u>	<u>3,641,323</u>
Total assets	<u>10,196,074</u>	<u>-</u>	<u>-</u>	<u>415,768</u>	<u>10,611,842</u>

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
COMBINING STATEMENT OF NET ASSETS—ENTERPRISE FUND
 March 31, 2007

EXHIBIT I
 Page 2 of 2

	LOW RENT HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	CAPITAL FUND PROGRAM	TOTAL MEMORANDUM ONLY
<u>LIABILITIES</u>					
Accounts and other payable	61,601	108,695	-	-	170,296
Compensated absences payable	-	-	-	-	-
Security deposits held for tenants	15,097	-	-	-	15,097
Due to other programs	-	-	-	-	-
Total liabilities	<u>76,698</u>	<u>108,695</u>	<u>-</u>	<u>-</u>	<u>185,393</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	3,641,323	-	-	-	3,641,323
Restricted net assets	3,977,696	-	-	-	3,977,696
Unrestricted net assets	<u>2,248,547</u>	<u>557,088</u>	<u>-</u>	<u>-</u>	<u>2,805,633</u>
Total net assets	<u>9,867,566</u>	<u>557,088</u>	<u>-</u>	<u>-</u>	<u>10,424,652</u>

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS-ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2007

EXHIBIT II
Page 1 of 1

	LOW RENT HOUSING PROGRAM	HOUSING VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	CAPITAL FUND PROGRAM	TOTAL MEMORANDUM ONLY
OPERATING REVENUES:					
DWELLING RENTAL FEES AND CHARGES	127,595	-	-	-	127,595
TOTAL OPERATING REVENUES	<u>127,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,595</u>
OPERATING EXPENSES:					
SALARIES AND EMPLOYEE BENEFITS	-	334,916	-	-	334,916
MATERIALS	-	9,351	-	-	9,351
CONTRACTUAL SERVICES	-	204,425	-	-	204,425
PROFESSIONAL AND CONSULTING	-	6,389	-	-	6,389
UTILITIES	-	6,152	-	-	6,152
TRAINING	-	1,375	-	-	1,375
DEPRECIATION	-	90,000	-	-	90,000
INSURANCE	-	5,188	-	-	5,188
HOUSING ASSISTANCE PAYMENTS	-	466,529	-	-	466,529
CONVENTION AND TRAVEL	-	20,140	-	-	20,140
TELEPHONE	-	12,890	-	-	12,890
SUPPLIES	-	5,680	-	-	5,680
TENANT SERVICES	-	5,208	-	-	5,208
POSTAGE AND PRINTING	-	5,498	-	-	5,498
ADVERTISING	-	144	-	-	144
SECURITY	-	0	-	-	0
MEMBERSHIP AND DUES	-	3,098	-	-	3,098
COURT FEES	-	71	-	-	71
PROTECTIVE SERVICES	-	510	-	-	510
COMPUTER SOFTWARE	-	4,451	-	-	4,451
OTHER	60	6,066	-	-	6,066
TOTAL OPERATING EXPENSES	<u>60</u>	<u>1,188,021</u>	<u>-</u>	<u>-</u>	<u>1,188,081</u>
OPERATING LOSS	<u>127,535</u>	<u>(1,188,021)</u>	<u>-</u>	<u>-</u>	<u>(1,060,486)</u>
NON-OPERATING REVENUES:					
GRANTS AND SUBSIDIES	-	1,530,990	-	-	1,530,990
TOTAL NON-OPERATING REVENUES	<u>-</u>	<u>1,530,990</u>	<u>-</u>	<u>-</u>	<u>1,530,990</u>
CHANGE IN NET ASSETS	<u>127,535</u>	<u>342,969</u>	<u>-</u>	<u>-</u>	<u>470,504</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>9,740,031</u>	<u>214,117</u>	<u>-</u>	<u>-</u>	<u>9,954,148</u>
NET ASSETS, END OF YEAR	<u>9,867,566</u>	<u>557,086</u>	<u>-</u>	<u>-</u>	<u>10,424,652</u>

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2007**

SCHEDULE I

<u>Cluster/Program Title</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Program funded by U.S. Development of Housing and Urban Development (HUD):		
<u>Subject to Annual Contribution Contracts</u>		
*Housing Choice Voucher Program	14.871	<u>1,530,990</u>
Total expenditures of federal awards		<u>1,530,990</u>

* Denotes major program as defined by OMB Circular A-133.

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 Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING BALANCE SHEET
MARCH 31, 2007**

**SCHEDULE II
Page 1 of 4**

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT(TOTAL MEMORANDUM ONLY	COMPONENT UNIT
111	CASH-UNRESTRICTED	\$ 6,580,592	-	-	-	\$ 6,580,592	\$ -
114	CASH-TENANT SECURITY DEPOSITS	14,120	-	-	-	14,120	-
		<u>6,604,712</u>	-	-	-	<u>6,604,712</u>	-
100	TOTAL CASH						
122	ACCOUNTS RECEIVABLE-HUD	85,284	-	156,176	-	241,470	-
125	ACCOUNTS RECEIVABLE-MISC	77,977	-	-	-	77,977	-
128	ACCOUNTS RECEIVABLE-TENANTS	-	-	-	-	-	-
126.2	ALLOWANCE FOR DOUBTFUL ACCOUNTS	(7,800)	-	-	-	(7,800)	-
		<u>155,471</u>	-	<u>156,176</u>	-	<u>311,647</u>	-
	TOTAL RECEIVABLES, NET OF ALLOWANCES FOR ACCOUNTS						

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBING BALANCE SHEET
MARCH 31, 2007

SCHEDULE II
Page 2 of 4

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT(TOTAL MEMORANDUM ONLY	COMPONENT UNIT
142	PREPAID EXPENSES AND OTHER ASSETS	54,160	-	-	-	54,160	-
144	INTERPROGRAM DUE FROM	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	<u>6,970,519</u>	-	-	-	<u>6,970,519</u>	-
161	LAND	779,855	-	-	-	779,855	-
162	BUILDINGS	4,949,632	-	-	-	4,949,632	-
164	FURNITURE, EQUIP&MACHINERY-ADMIN	21,047	-	-	-	21,047	-
166	ACCUMULATED DEPRECIATION	(2,503,932)	-	-	-	(2,503,932)	-
167	CONSTRUCTION IN PROGRESS	-	-	-	394,721	394,721	-
160	TOTAL FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>3,246,602</u>	-	-	<u>394,721</u>	<u>3,641,323</u>	-
180	TOTAL NON-CURRENT ASSETS	<u>3,246,602</u>	-	-	<u>394,721</u>	<u>3,641,323</u>	-
190	TOTAL ASSETS	<u>10,217,121</u>	-	-	<u>394,721</u>	<u>10,611,842</u>	-

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING BALANCE SHEET
MARCH 31, 2007

SCHEDULE II
Page 3 of 4

LINE ITEM NO.	ACCOUNT DESCRIPTION	PUBLIC HOUSING				PRIMARY UNIT(TOTAL MEMORANDUM COMPONENT UNIT)
		LOW RENT PUBLIC HOUSING PROGRAM	CHOICE VOUCHER PROGRAM	DRUG ELIMINATION PROGRAM	CAPITAL FUND PROGRAM	
312	ACCOUNTS PAYABLE	\$ 61,601	\$ -	\$ -	\$ -	61,601
321	ACCRUED PAYROLL PAYABLE	108,695	-	-	-	108,695
322	ACCRUED COMPENSATED ABSENCES	-	-	-	-	-
333	ACCOUNTS PAYABLE-OTHER	-	-	-	-	-
341	TENANT SECURITY DEPOSITS	15,097	-	-	-	15,097
347	INTERPROGRAM DUE TO	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	185,393	-	-	-	185,393
354	ACCRUED COMPENSATED ABSENCES	1,797	-	-	-	1,797
350	TOTAL NON-CURRENT LIABILITIES	1,797	-	-	-	1,797
300	TOTAL LIABILITIES	187,190	-	-	-	187,190

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING BALANCE SHEET
MARCH 31, 2007

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING CHOICE VOUCHER PROGRAM	HOUSING ELIMINATION PROGRAM	PUBLIC HOUSING DRUG PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT MEMORANDUM COMPONENT ONLY	TOTAL
508.1	INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	3,225,355	-	-	415,768	3,641,323	-
511.1	RESTRICTED NET ASSETS	3,977,696	-	-	-	3,977,696	-
512.1	UNRESTRICTED NET ASSETS	2,805,633	-	-	-	2,805,633	-
513	TOTAL EQUITY/NET ASSETS	10,008,684	-	-	415,768	10,424,652	-
600	TOTAL LIABILITIES AND EQUITY/NET ASSETS	\$ 10,196,074	\$ -	\$ -	\$ 415,768	\$ 10,611,842	\$ -

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING STATEMENT OF REVENUES AND EXPENSES
MARCH 31, 2007

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING CHOICE VOUCHER PROGRAM	HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT(TOTAL MEMORANDUM COMPONENT ONLY)	UNIT
703	NET TENANT RENTAL REVENUE	\$ 127,595	-	-	\$ 127,595	-
704	TENANT REVENUE-OTHER	-	-	-	-	-
705	TOTAL TENANT REVENUES	<u>127,595</u>	<u>-</u>	<u>-</u>	<u>127,595</u>	<u>-</u>
706	HUD PHA OPERATING GRANTS	-	1,530,990	-	-	-
706.1	CAPITAL GRANTS	-	-	-	-	-
700	TOTAL REVENUES	<u>127,595</u>	<u>1,530,990</u>	<u>-</u>	<u>1,658,585</u>	<u>-</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING STATEMENT OF REVENUES AND EXPENSES
MARCH 31, 2007

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT(TOTAL)	MEMORANDUM COMPONENT	UNIT
911	ADMINISTRATIVE SALARIES	118,638	33,897	-	-	152,535	-	-
914	COMPENSATED ABSENCES	98	28	-	-	126	-	-
915	EMPLOYEE BENEFIT CONTRIBUTIONS-ADMINISTRATIVE	34,481	8,852	-	-	44,333	-	-
916	OTHER OPERATING-ADMINISTRATIVE	56,578	25,863	-	-	82,441	-	-
924	TENANT SERVICES	2,045	-	-	-	2,045	-	-
931	WATER	3,915	-	-	-	3,915	-	-
932	ELECTRICITY	1,924	550	-	-	2,474	-	-
933	GAS	1,054	301	-	-	1,355	-	-
938	OTHER UTILITIES EXPENSE	251	72	-	-	323	-	-
		<u>218,984</u>	<u>70,563</u>	-	-	<u>289,547</u>	-	-

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
 FINANCIAL DATA SCHEDULE-COMBINING STATEMENT OF REVENUES AND EXPENSES
 MARCH 31, 2007

SCHEDULE III
 Page 3 of 4

LINE ITEM NO.	ACCOUNT DESCRIPTION	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	PUBLIC HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PRIMARY UNIT(TOTAL MEMORANDUM ONLY	COMPONENT UNIT
942	ORDINARY MAINTENANCE AND OPERATIONS MATERIALS AND OTHER	\$ 13,151	\$ -	\$ -	\$ -	13,151	\$ -
943	ORDINARY MAINTENANCE AND OPERATIONS CONTRACT COSTS	60,333	-	-	-	60,333	-
952	PROTECTIVE SERVICES	413	118	-	-	531	-
961	INSURANCE PREMIUMS	2,680	766	-	-	3,446	-
982	OTHER GENERAL	-	-	-	-	-	-
969	TOTAL OPERATING EXPENSES	295,562	71,447	-	-	367,009	-
970	EXCESS OF OPERATING REVENUES OVER OPERATING EXPENSES	(167,967)	1,459,543	-	-	1,291,576	-

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL DATA SCHEDULE-COMBINING STATEMENT OF REVENUES AND EXPENSES
MARCH 31, 2007

SCHEDULE III
Page 4 of 4

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	LOW RENT PUBLIC HOUSING PROGRAM	HOUSING CHOICE VOUCHER PROGRAM	HOUSING DRUG ELIMINATION PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM	PUBLIC HOUSING CAPITAL FUND PROGRAM ONLY	PRIMARY UNIT(TOTAL MEMORANDUM COMPONENT UNIT
	OTHER EXPENSES:						
973	HOUSING ASSISTANCE PAYMENTS	-	\$ 466,529	-	-	-	\$ 466,529
	DEPRECIATION EXPENSE	90,000	-	-	-	-	90,000
800	TOTAL EXPENSES	385,582	537,976	-	-	-	923,536
	OTHER FINANCING SOURCES(USES):						
1001	OPERATING TRANSFERS IN	15,389	-	-	-	-	15,389
1002	OPERATING TRANSFERS OUT	-	-	-	(15,389)	-	(15,389)
1010	TOTAL OTHER FINANCING SOURCES(USES)	15,389	-	-	(15,389)	-	-
1000	EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER (UNDER) EXPENSES	-	-	-	-	-	-
1103	BEGINNING EQUITY/NET ASSETS	\$ 3,641,543	\$ 214,117	\$ -	\$ 379,671	\$ 4,235,331	\$ -
1104	PRIOR PERIOD ADJUSTMENTS, EQUITY TRANSFERS AND CORRECTION OF ERRORS	6,376,511	-	-	-	6,376,511	-
	BEGINNING EQUITY/NET ASSETS, AS ADJUSTED	\$ 10,018,054	\$ 214,117	\$ -	\$ 379,671	\$ 10,611,842	\$ -

See Independent Auditors' Report on Supplementary Information.



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

**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

I was 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, 2007. Because of the destruction of the Authority's capital assets records resulting from the impact of hurricane Katrina on August 29, 2005, the Authority's inability to implement the requirements of Governmental Accounting Standards Board's Statement Number 42 (Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries), and the Authority's lack of exercise of internal controls relative to accumulating, processing and recording financial information, the absence of a cash flow statement and minutes from board meetings, the scope of my work was not sufficient to enable me to express, and I do not express an opinion on the financial statements 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.

**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

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 07-01 through 0-20 and the unresolved prior year findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However of the significant deficiencies mentioned above, I consider items 07-01 through 07-20 to be material weaknesses.

**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, I 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 my audit and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 07-11 through 07-20.

The Authority's response to the findings and questioned costs is included at the end of this report. I did not audit the Authority's response and, accordingly, I do not express an 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.

Deemer CPA and Consulting Services, LLC

December 12, 2008



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendeldeemer@aol.com

**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

I 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 program for the year ended March 31, 2007. The **Authority's** major federal program is 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 program is the responsibility of **the Authority's** management. My responsibility is to express an opinion on **the Authority's** compliance based on my audit.

As a result of the destruction of **the Authority's** capital assets records resulting from the impact of hurricane Katrina and **the Authority's** inability to implement the requirements of Governmental Accounting Standards Board's Number 42 (Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries), the lack of internal controls relative to accumulating, processing, and recording financial information, the absence of a cash flow statement and minutes from board meetings, the scope of my work was not sufficient to enable me to express, and I do not express an opinion on the financial statements 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*

**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)**

Compliance, Continued

A-133~ Audits of States, *Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Authority's compliance with those requirements.

As described in items 07-11 through 07-20 in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding activities allowed or unallowed, allowable costs/cost principles, information and communication, monitoring, cash management, eligibility, equipment and real property, procurement, suspension and debarment, and reporting that are applicable to its Housing Choice Voucher program. Compliance with such requirements is necessary, in my opinion, for the Authority to comply with requirements applicable to that program.

In my opinion, because of the effects of the noncompliance described in the preceding paragraph, the Authority did not comply in all material respects, with the requirements referred to above that are applicable to its Housing Choice Voucher program.

**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 my audit, I 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 my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-11 through 07-20 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, I consider items 07-11 through 07-20 to be material weaknesses.

**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)**

The Authority's response to the findings identified in my audit are described at the end of this report. I did not audit the Authority's response and, accordingly, I 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.

Deemer CPA and Consulting Services, LLC

December 12, 2008

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Section I - Summary of Auditors' Results

Financial Statements

Disclaimer

Type of auditors' report issued:

Internal control over financial reporting:

- | | |
|---|----------------------|
| • Material weakness(es) identified? | Yes |
| • Reportable condition(s) identified that are not considered to be material weaknesses? | None reported |

Non-compliance material to financial statements noted? **Yes**

Federal Awards

Internal Control over major programs:

- | | |
|---|----------------------|
| • Material weakness(es) identified? | Yes |
| • Reportable condition(s) identified that are not considered to be material weaknesses? | None reported |

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

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, 2007**

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

CFDA NUMBER

**NAME OF FEDERAL
PROGRAM OR CLUSTER**

14.871

Housing Choice Voucher Program

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

\$300,000

Auditee qualified as low-risk auditee?

No

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED MARCH 31, 2007

Section II – Financial Statement Findings

07-01 Lack of Internal Controls

Statement of Condition

Based on the requirements of statement of auditing standards, SHA's current in-house finance department staff does not possess the level of technical capacity required to effectively record, process, report and prepare financial statements and footnote disclosures reliably in accordance with accounting principles generally accepted in the United States of America. SHA currently uses the "TENMAST" software in the accumulation, processing and generation of internal financial statements.

Criteria

Management of SHA is responsible for the implementation of a design and operation of internal control over financial statements preparation.

Effect of Condition

Incomplete financial statements generated from the "TENMAST" software.

Cause of Condition

SHA staff lack the technical ability to adequately perform accounting duties.

Recommendation

SHA must hire an individual with accounting skills sufficient to perform accounting related functions and fully utilize the "TENMAST" software.

07-02 Lack of Segregation of Duties

Statement of Condition

There was a lack of segregation of duties in the recording, posting, and disbursing of funds. The Executive Director performed all management and accounting functions for the fiscal year.

Criteria

Management of SHA is responsible for the implementation of a design and operation of internal control to safeguard SHA assets.

Effect of Condition

Inadequate protection and safeguarding of SHA assets.

Cause of Condition

Lack of appropriate staff to carry perform accounting functions.

Recommendation

The agency should hire accounting staff with adequate training related to the "TENMAST" system and Generally Accepted Accounting Principles.

07-03 Bank Accounts Not Properly Reconciled

Statement of Condition

Bank Reconciliations were attempted but they do not properly reconcile cash accounts at March 31, 2007.

Criteria

Bank reconciliations should be performed on a monthly basis and agreed to financial statements without exception.

Effect of Condition

It was indeterminable during the audit as to whether or not the cash balances reported in the financial statements were accurate.

Cause of Condition

Management must implement procedures to ensure that cash balances are reconciled on a monthly basis.

Recommendation

Management should perform monthly bank reconciliations and maintain them on file.

07-04 Accrual Accounting Not Fully Implemented

Statement of Condition

Expenditures and revenues were not properly accrued to the 2007 financial statements.

Criteria

Expenditures must be recorded when incurred and revenues when earned, in accordance with generally accepted accounting principles.

Effect of Condition

The agency's financial statements were unadjusted for accruals during the 2006-2007 fiscal year .

Cause of Condition

Management failed to implement accrual basis accounting.

Recommendation

Management should implement accrual basis accounting.

07-05 Beginning Net Assets Does Not Agree with Prior Year Ending Net Assets

Statement of Condition

The 2006 audited ending net assets was \$4,787,745 however, the 2007 beginning net assets amount was \$3,838,261.

Criteria

The audited ending net asset amount from 2006 should equal the 2007 beginning net asset amount.

Effect of Condition

The agency's financial statements were adjusted during the 2007 audit, however, the net assets balance remained unreconciled by approximately \$949,484.

Cause of Condition

The agency lacks to appropriate personnel to perform key accounting functions.

Recommendation

It is recommended that management hire personnel with accounting skills sufficient to perform the required accounting functions at this agency.

07-06 Fixed Assets Schedule Not Maintained

Statement of Condition

A fixed asset detail was requested to account for the change in fixed assets from the prior fiscal year. A schedule was provided, however, it had not been updated since the prior fiscal year.

Criteria

The Louisiana State Revised Statute 24:515(b) requires that all governments "shall maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable."

Effect of Condition

The lack of adequate internal controls over fixed assets and accounting in general, compromises the safeguarding of assets. Additionally, the fixed asset amount included in the financial statements could not be fully tested.

Cause of Condition

Lack of accounting staff to properly perform accounting functions remains a concern.

Recommendation

Adequate policies and procedures relating to fixed assets should be adopted and fully implemented by appropriate accounting staff of the agency.

07-07 Unpaid Payroll Taxes

Statement of Condition

There is an outstanding payroll liability with both the Federal government and the State of Louisiana. The amount was indeterminable by the agency's staff, however they do acknowledge that the taxes were not being paid at certain times.

Criteria

Payroll taxes must be remitted timely and in accordance with federal rules and regulations.

Effect of Condition

There could be future sanctions taken by both the federal and state government regarding the nonpayment of payroll taxes.

Cause of Condition

The Slidell Housing Authority did not have appropriate accounting staff processing payroll.

Recommendation

It is recommended that the Slidell Housing Authority pay all payroll taxes timely and in accordance with federal and state rules and regulations.

07-08 Incomplete, Untimely, and Un-reconciled Financial Statements

Statement of Condition

The financial statements of the Slidell Housing Authority appear to be incomplete and inaccurate.

Criteria

Financial statements should be completed and reconciled on a monthly basis. Additionally, at the end of each fiscal year, the statements should be reviewed for required year-end adjustments and/or reclassifications.

Effect of Condition

Without complete, reconciled financial statements maintained in a timely manner, the financial condition of an organization is indeterminable. Additionally, there is a substantial risk that omissions, errors, and/or irregularities can exist and not be detected.

Cause of Condition

The Slidell Housing did employ adequately trained accounting staff.

Recommendation

It is recommended that the Slidell Housing Authority employ an adequate accounting staff who will be required to submit complete and reconciled financial statements on a monthly basis to both upper level management and the Board of Directors.

07-09 Bank Account not recorded in Financial Statements

Statement of Condition

The financial statements of the Slidell Housing Authority did not include bank accounts in the agency's name containing \$2,612,895 and \$3,601,800 respectively.

Criteria

Financial statements should include all assets of the Slidell Housing Authority.

Effect of Condition

Without complete financial statements maintained, the financial condition of an organization is indeterminable. Additionally, there is a substantial risk that omissions, errors, and/or irregularities can exist and not be detected.

Cause of Condition

The Slidell Housing Authority did not employ adequately trained accounting staff.

Recommendation

It is recommended that the Slidell Housing Authority employ an adequate accounting staff who will be required to submit complete financial statements on a monthly basis to both upper level management and the Board of Directors.

07-10 Board Minutes

Statement of Condition

The agency did not have documented board meetings on file for the 2007 audit year.

Criteria

The Board of the Slidell Housing Authority should hold regular meetings, sufficient to discuss provide oversight of the agency.

Effect of Condition

Without active board oversight there is an opportunity for business activities at the agency to occur that are not in its best interest.

Cause of Condition

The Slidell Housing Authority did not appear to have active board oversight.

Recommendation

It is recommended that the Slidell Housing Authority's Board of Directors maintain an active role in oversight of the Slidell Housing Authority.

Section III: Federal Award Findings and Questioned Costs

07-11 Tenant Files

Statement of 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. SHA could not provide any of those randomly selected files for the tenants. The client was then requested to provide the files that they did have and they provided a total of only fifteen (15) files which were incomplete.

Criteria

SHA is required by its Annual Contribution Contract with HUD and Board Policy to maintain supporting documentation regarding eligibility, background data, and other relevant tenant information.

Effect of Condition

Non-compliance with award program requirements.

Cause of Condition

It was indeterminable as to why tenant files were not on file for the Section 8 program.

Recommendation

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

07-12 Hap Section 8 disbursement system.

Statement of Condition

We noted payments of \$466,528.79 from the 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 \$152,530.30 existed indicating that HAP payments are not being properly maintained or reconciled.

Criteria

The SHA payments to landlords and other housing authorities per "TENMAST" did not reconcile to payments that cleared agency bank accounts.

Effect of Condition

Unreconciled federal fund transactions in the agency's financial accounting system. The agency also has communicated that they continue to receive funds for previously eligible participants who have not made a request for rent payments.

Cause of Condition

The SHA is not properly reconciling subledger accounts nor maintaining appropriate documentation to support the difference in deposits made to their bank accounts on behalf of program participants and amounts paid out on behalf of those participants.

Recommendation

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

07-13 On-Line Payments Made on Certain Expenditures
Questioned Costs: \$8,488

Statement of Condition

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

Criteria

All expenditures should have documented authorized approval by appropriate management persons and invoices/bills should be maintained on file to provide a sufficient audit trail as required.

Effect of Condition

It was indeterminable as to who approved the payment of such expenditures or whether or not the expenditures were allowable and/or associated with the agency.

Cause of Condition

The payment of expenditures electronically, without proper documentation maintained on file, does not allow for proper approval and or documentation of the 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.

07-14 Late Audit Filing

Statement of Condition

The 2007 audit of Slidell Housing Authority was not issued within six months of the agency's March 31, 2007 year-end.

Criteria

Federal rules and regulations require that Slidell Housing Authority's audit be issued within 30 days of completion of the audit or within nine (9) months following the end of the fiscal year, whichever is earlier. However, the agency must also comply with the State of Louisiana's audit law which states that their audit is due within (6) months following the end of the fiscal year.

Effect of Condition

The audit is being issued later than the required timeline by both federal and state audit law.

Cause of Condition

The audit was not engaged timely.

Recommendation

It is recommended that the agency engage an auditor in a timely manner and make all records and financial statements available for proper issuance of the audit report.

**07-15 Invoices/Supporting Documentation For Expenditures Unavailable
Questioned Costs: \$29,917**

Statement of 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.

Criteria

Slidell Housing Authority must maintain supporting documentation to provide an audit trail for expenditures. Board members should operate on a volunteer basis and not receive payment for any services provided to the agency as active board members.

Effect of Condition

It was indeterminable as to whether or not expenses were allowable.

Cause of Condition

Management did not provide all invoices and other supporting documentation during the audit. I was informed that the credit card was opened in the name of a former board member and that the credit card company would not respond to the requests of current agency personnel for duplicate bills.

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 agency are not opened in the name of board members nor utilized by board members.

**07-16 Bid Files Not Maintained for Gutting, Roofing, and Debris/Tree Removal
Questioned Costs: \$245,605**

Statement of Condition

Property gutting, roof repair 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 Slidell Housing Authority never received a written contract.

Criteria

Federal rules and regulations require that bids be secured for certain purchases and/or procurement of services. Best practices require that any contractual agreements entered into be reduced to writing with specific performance measures and deliverables.

Effect of Condition

Certain major projects were conducted that may or may not have been in the best interest of the organization. The Slidell Housing Authority disbursed funds without a formal written agreement and does not have a contract deliverable to support certain expenditures.

Cause of Condition

There is an overall lack of policies and procedures followed to make cash disbursements at the Slidell Housing Authority, which allowed for payments to be made without a formal written agreement from contractors.

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.

07-17 No Budget Adopted

Statement of Condition

The Slidell Housing Authority management had no budget implemented to effectively manage the operation.

Criteria

The Louisiana State Revised Statute 39:1305 requires that all governments "shall adopt and maintain an annual budget."

Effect of Condition

Without a complete, adopted budget management lacks oversight of daily operations.

Cause of Condition

The Slidell Housing did not properly plan for an annual budget.

Recommendation

It is recommended that the Slidell Housing Authority complete an annual budget through the assistance of a formal budget committee.

**07-18 Payment made to Executive Director
Questioned Cost: \$16,000**

Statement of Condition

A \$10,000 payment was made to the agency'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 agency'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.

Criteria

Appropriate approval of the pay increase and car allowance by a majority of the Board could not be verified during the audit. Additionally, reconciliation was not performed between W-2s and payroll data.

Effect of Condition

The Executive Director received additional pay during this fiscal year that does not appear to be included in the W-2 provided and proper approval of the pay increase and car allowance could not be supported with documentation.

Cause of Condition

The Slidell Housing Authority did not appear to have active board oversight and/or did not maintain records from board meetings.

Recommendation

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

07-19 Two employees occupied two apartment units

Statement of Condition

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

Criteria

Use of rental units should be in compliance with federal program rules and regulations regarding eligibility and other factors.

Effect of Condition

Potential violation of federal rules and regulations relative to the housing programs that this agency has been mandated to implement.

Cause of Condition

It is indeterminable as to who made the decision to allow employees to occupy these low income rental units.

Recommendation

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

07-20 Payments Made to Contractors without Agreements

See Finding 07-16 for Questioned Costs

Statement of Condition

Payments were made to various contractors from which the Slidell Housing Authority never received a written contract.

Criteria

Best practices require that any contractual agreements entered into be reduced to writing with specific performance measures and deliverables.

Effect of Condition

The Slidell Housing Authority disbursed funds without a formal written agreement and does not have a contract deliverable to support certain expenditures.

Cause of Condition

An overall lack of internal controls over cash disbursements allowed for payments to be made without a formal written agreement from the contractor.

Recommendation

There should be contracts developed and maintained on file to support applicable cash disbursements. Also, there should be written Board approval for material expenditures.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number

2006-01

Federal Programs

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

Criteria

The Authority is required by the requirements of OMB Circular A-133, its Annual Contribution Contract with HUD and Board policy to maintain evidence supporting amounts and/or disclosures in the Authority's financial statements, including evidence supporting compliance with program and financial activities.

Condition

Because of the impact of hurricane Katrina, certain documents such as cancelled checks, invoices, landlord payment registers, waiting list, program participant file information, etc., (from inception through August 2005), were either partially or completely destroyed and therefore 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. Management has started and continues with its reconstruction process.

Questioned Costs

None.

Effect

Potential non-compliance with award program requirements.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number, Continued
2006-01

Cause

The impact of hurricane Katrina.

Recommendation

We recommend that management continue the reconstruction of its program and financial records. In addition, all significant general ledger accounts should be analyzed and all necessary adjustments recorded to ensure completeness of the Authority's general ledger.

Management's Response

Management anticipates completion of its reconstruction effort by no later than May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number

2006-02

Federal Programs

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

Criteria

The Authority is required by the requirements of OMB Circular A-133, its Annual Contribution Contract with HUD and Board policy to maintain evidence supporting amounts and/or disclosures in the Authority's financial statements, including evidence supporting compliance with program and financial activities.

Condition

The Authority during 2004, initiated a general ledger conversion from "QuickBooks Pro" to "TENMAST" accounting software. The final phase of the conversion was impacted by the events following the destruction by hurricane Katrina on August 29, 2005. As a result, several significant general ledger accounts such as cash, receivables, prepaid items, amounts and other payables, operating expenses and operating and non operating income accounts, need to be reconciled to ensure the completeness of the conversion and recorded general ledger amounts. This process has been significantly impacted by the destruction of the Authority's "QuickBooks Pro" data and other supporting information.

Questioned Costs

None.

Effect

Potential non-compliance with award program requirements, Annual Contributions Contract and Board Policy. Also, the current status of the general ledger impacts the Authority's ability to provide complete and accurate financial statements.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number, Continued
2006-02

Cause

The impact of hurricane Katrina.

Recommendation

We recommend that management continues the reconstruction of its program and financial records to include the required analysis of all significant general ledger accounts to ensure the completeness of its financial statements.

Management's Response

Management anticipates resolution by no later than May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006**

Unresolved

Reference Number

2006-03

Federal Programs

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

Criteria

Pursuant to the requirements of Louisiana Revised Statute 24:513 and the Louisiana Governmental Guide, audited financial statements are required to be submitted to the Legislative Auditor within six months of the close of the Authority's year end.

Condition

On August 29, 2005, hurricane Katrina caused substantial destruction of the Authority's financial and program records to include its office building. As a result of the impact of hurricane Katrina and the associated transitional challenges faced by the Authority, the audit report for the Authority was submitted late.

Questioned Costs

None.

Effect

Non-compliance with the submission requirements of 24:513.

Cause

Transitional challenges from the impact of hurricane Katrina.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number, Continued
2006-03

Recommendation

None.

Management's Response

Management anticipates timely submission of its March 31, 2008 audited financial statements.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number
2006-04

Federal Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Governmental Accounting Standards Board's (GASB) Statement Number 42 (Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries) establishes the requirement for accounting and financial reporting for the impairment of capital assets.

Condition

The results of hurricane Katrina on August 29, 2005, resulted in the near total loss of the offices and Washington Heights section of the Authority's public housing rental units.

Also, all furniture and equipment used at the referenced location were totally destroyed.

As of August 24, 2007, the Authority has not determined the restoration costs to facilitate in the measurement of the portion of the historical cost of the capital assets that should be written off.

Questioned Costs

None.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number

2006-04

Effect

Noncompliance with the requirements of GASB Number 42 regarding the accounting for the impairment of capital assets.

Cause

The transitional challenges resulting from the impact of hurricane Katrina.

Recommendation

We recommend that management undertake the necessary steps to implement the requirements of the standard.

Management's Response

The restoration cost for the office building has been determined. However, management is working on the public housing unit's portion and anticipates complete resolution by no later than May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number

2006-05

Federal Programs

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

Criteria

The Authority is required by the requirements of OMB Circular A-133, its Annual Contribution Contract with HUD and Board policy to maintain evidence supporting amounts and/or disclosures in the Authority's financial statements, including evidence supporting compliance with program and financial activities.

Condition

As a result of the impact of hurricane Katrina, certain documents such as cancelled checks invoices, landlord payment registers, waiting list, program participant file information, etc.: (from inception through August 2005) were either partially or completely destroyed and therefore 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. Management has started and continues with its reconstruction process.

Context

Total expenditures of federal award for the year ended March 31, 2006 were \$1,774,108.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number, Continued

2006-05

Questioned Costs

None.

Effect

Potential non-compliance with federal award program requirements.

Cause

The impact of hurricane Katrina.

Recommendation

We recommend that management continues the reconstruction of its program and financial records. Also, all significant general ledger accounts should be analyzed and the necessary adjustments recorded to ensure completeness of the general ledger.

Management's Response

Management anticipates completion of its reconstruction process by no later than May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number

2006-06

Federal Programs

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

Criteria

The Authority is required by the requirements of OMB Circular A-133, its Annual Contribution Contract with HUD and Board policy to maintain evidence supporting amounts and/or disclosures in the Authority's financial statements, including evidence supporting compliance with program and financial activities.

Condition

The Authority during 2004, initiated a general ledger conversion from "QuickBooks Pro" to "TENMAST" accounting software. The final phase of the conversion was impacted by the events following the destruction by hurricane Katrina on August 29, 2005. As a result, several significant general ledger accounts such as cash, receivables, prepaid items) amounts and other payables, operating expenses and operating and non operating income accounts, need to be reconciled to ensure the completeness of the conversion. This process has been significantly impacted by the destruction of the Authority's "QuickBooks Pro" data to include other supporting information.

Context

Total expenditures of federal award for the year ended March 31, 2006 were \$1,774,108.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number, Continued
2006-06

Questioned Costs

None.

Effect

Potential non-compliance with award program requirements, Annual Contributions Contract and Board Policy. Also, the current status impacts the Authority's ability to provide complete financial statements.

Cause

The impact of hurricane Katrina.

Recommendation

We recommend that management continue the reconstruction of its program and financial records to include the required analysis of all significant general ledger accounts to ensure the completeness of its financial statements.

Management's Response

Management anticipates resolution by no later than May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number
2006-07

Federal Program

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

Criteria

Pursuant to 24 CFR part 982, section 982.508, rent must be reasonable in relation to rents averaged for comparable units in the private unassisted market.

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 Kalrina caused the described condition.

Context

Total expenditures of federal award for the year ended March 31, 2006 for the Housing Choice Voucher program, was eighty-six (86)% of total federal award.

Questioned Costs

None.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number, Continued
2006-07

Effect

Non-compliance with the requirements of 24 CFR 982.

Cause

The transitional challenges resulting from hurricane Katrina.

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.

Management's Response

Management continues to transition from the immediate placement of residents to ensuring the completeness of all information required in the respective files.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number
2006-08

Federal Program

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

Criteria

As required by 24 CFR Section 982.516, the Authority should obtain and document in the family file third party verification of income.

Condition

In three (3) instances, we noted the lack of evidence to support an independent third party verification of income or documentation to support the challenges encountered in- securing an independent third party verification. Based on discussions with management, we noted that a combination of the Authority's inability to access HUD's REAC "EIV" system and the Social Security Administration's policy of non-response to such income verification requests, affected the Authority's ability to secure an "EIV" report, and to perform an independent verification of tenant's income.

Context

Total expenditures of federal award for the year ended March 31, 2006 for the Housing Choice Voucher program was eighty-six (86)% of total federal award.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007

Reference Number, Continued

2006-08

Questioned Costs

None.

Effect

Non-compliance with the requirements of 24 CPR 982.

Cause

Transitional challenges resulting from the impact of hurricane Katrina.

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.

Management's Response

Management continues to transition from the immediate placement of residents to ensuring the completeness of all information required in the respective files.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number

2006-09

Federal Program

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

Criteria

24 CFR sections 982.202 through 982.207, require the selection of tenants from the Authority's waiting list.

Condition

As a result of the destruction of the Authority's waiting list by the impact of hurricane Katrina, we were unable to verify the selection of new participants in the housing program.

Context

Total expenditures of federal award for the year ended March 31, 2006 for the Housing Choice Voucher Program was eighty-six (86) % of total federal award.

Questioned Costs

None.

Effect

Non-compliance with the requirements of 24 CFR 982.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number, Continued
2006-09

Cause

Transitional challenges resulting from the impact of hurricane Katrina.

Recommendation

Management should develop a new waiting list.

Management Response

Management is in the process of construction of a new waiting list Anticipated completion date is May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number

2006-10

Federal Program

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

Criteria

24 CFR part908 and 24 CFR section 982-158 require the submission of Form HUD 50058 (*Family Report*).

Condition

In one (1) instance of ten (10) files tested, we noted a difference in the social security number reported in the Form HUD 50058 to the information on the social security card in the tenant's folder.

It is our understanding through discussion with management that the tenant is no longer participating in the program.

Context

Total expenditures of federal award for the year ended March 31, 2006 for the Housing Choice Voucher Program was eighty-six (86) % of total federal award.

Questioned Cost

None.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number

2006-10

Effect

Non-compliance with the requirements of 24 CFR 982.

Cause

Transitional challenges resulting from the impact of hurricane Katrina.

Recommendation

Management should review its existing procedures to ensure its effectiveness in the processing of all data.

Management's Response

Management will continue to work towards the completeness of tenant files. Expected completion date is May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Numbers

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

Unresolved. See current year's findings reference numbers 2006-01 and 2006-05.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007

Unresolved

Reference Number

2005-02

Condition

The Authority during 2004, initiated a general ledger conversion from "QuickBooks Pro" to "TENMAST" accounting software. The final phase of the conversion was impacted by the events following the destruction by hurricane Katrina. As a result, several significant general ledger accounts such as cash, receivables, prepaid items, amounts and other payables, operating expense and non operating income accounts need to be reconciled to ensure the completeness of the conversion. Several balance sheet accounts have beginning balances from March 1, 2004 as their March 31, 2005 balance.

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. Also, management should continue the reconstruction of its program and financial records.

Current Status

Unresolved. See current year's findings reference numbers 2006-02 and 2006-06.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number
2004-01

Condition

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

- 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.;
- 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.
- Also, a 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.
- Furthermore, the Voucher Program's "HAP" registers did not agree to the general ledger for the month of August 2003;
- Bank account reconciliations for the entire year were prepared by an individual with custodial and recordation responsibilities; and
- Untimely and inaccurate reconciliation of all significant subsidiary ledger accounts to the related general ledger control accounts.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Reference Number, Continued
2004-01

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

Partially resolved. All bank account reconciliations and analysis of significant general ledger accounts will be completed by no later than May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Number
2004-02

Condition

Our review of ten (10) Housing Choice Voucher Program tenant files revealed the following conditions:

- Two (2) instances where the social security number reflected on the Form HUD 50058 did not agree to the tenant's information on file; and
- Three (3) tenants admitted into the Voucher Program were not on the waiting list maintained by the Authority.

Recommendation

We recommend that management of the Authority continue to improve its established processes, policies and procedures necessary to ensure that all tenant files contain required documentation. In addition, management should develop procedures that will ensure that all data included on the HUD Form 50058 is accurate and that all tenants are accepted into the program in accordance with Board's directives and HUD regulations.

Current Status

Partially resolved. See current year's finding reference number 2006-10.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Numbers

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. SEMAP reporting was waived by HUD for this audit period as a result of the impact of hurricane Katrina.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007

Unresolved

Reference Numbers

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

Unresolved. Management anticipates resolution by no later than May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Numbers

2000-4, 2000-11, 1998-08
and 1999-15

Condition

The operating of internal control system over financial reporting exhibited the following deficiencies:

- Lack of an adequate control system to ensure the timely and accurate recordation of all financial transactions;
- Maintenance of support documentation for program expenditures (such as Section 8 payments via ACE);
- Periodic review and recordation of significant general ledger accounts for propriety;
- In adequate training in the use of existing software programs;
- Timely submission of reports to regulatory agencies; and
- Duplicate disbursement of housing assistance payments in the amount of \$6,015.

Recommendation

Management should evaluate its current internal control system over financial reporting to ascertain its adequacy in safeguarding the assets of the Authority.

Current Status

Unresolved. As a result of the impact of hurricane Katrina, management is currently in the reconstruction phase of its records and anticipates completion by no later than May 31, 2008.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
UPDATE OF PRIOR PERIOD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2007**

Unresolved

Reference Numbers

1999-1 and 1998-9

Condition

Subsidiary ledgers for significant accounts such as fixed assets, interfund activity, prepaid assets, etc. are not maintained and/or reconciled to the applicable general ledger control accounts.

Recommendation

Management should reconcile all significant general ledger accounts to the general ledger control accounts on a monthly basis.

Current Status

Unresolved. See current year's findings reference numbers 2006-02 and 2006-06.

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:

Brendel W. Deemer, CPA
Gerald Burton

Managing Partner
Auditor

HOUSING AUTHORITY OF THE CITY OF SLIDELL

Mr. Marvin V. Bulter
Mr. Jason Brosette
Mr. Les Baham

--Executive Director
--Coordinator
--Board Chairman

Management's Action Plan

Condition: It is Management's responsibility to resolved all issued identified during its most recent audit

**Siddell Housing Authority
Corrective Action Plan**

<u>Tasks</u>	<u>Person Responsible</u>	<u>Completion Date</u>	<u>Audit Find</u>
Identify and contract with accounting professional to develop corrective action plan	Marvin Butler	December 3, 2008	2006-01,02
Meet with SHA staff to review operating and accounting procedures, identifying: Monthly reporting requirements Accounts Payable Payroll Cash Receipts	Susan Vaughn	February 17, 2009	
Provide contract accountant with online training in TENMAST system	Marvin Butler	February 20, 2009	2006-01,02
Prepare bank reconciliations for all checking and Investment accounts FY 2008	Susan Vaughn	March 1, 2009	
Inventory all fixed assets Assign value for all asset, using invoices Confirm that all fixed assets have been input into 'TENMAST'	TBD	TBD	2006-04
Develop checklist of support documentation that should be contained in vendor files	Susan Vaughn	March 1, 2009	2006-04
Perform Internal audit of all vendors paid during audit period	TBD	TBD	2006-01
			2006-07

**Siddell Housing Authority
Corrective Action Plan**

Condition: It is Management's responsibility to resolved all issued identified during its most recent audit

<u>Tasks</u>	<u>Person Responsible</u>	<u>Completion Date</u>	<u>Audit Find</u>
Identify all existing professional contracts existing	Marvin Butler/Susan Vaughn	March 1, 2009	2006-08
Determine regulations for what is required for professional service contract	Susan Vaughn	March 1, 2009	2006-08
Performed internal audit of all professional service files to insure all documentation is included	Susan Vaughn	TBD	2006-08
Identify all vendor paid during fiscal year ending March 31, 2008 and March 31, 2009	Susan Vaughn	March 1, 2009	2006-07
Identify what support document should be maintained in vendor files	Susan Vaughn	March 1, 2009	2006-07
Performed internal audit of vendor files	TBD	TBD	2006-07
Review purchasing regulations with HUD, COB	Susan Vaughn	March 10, 2009	
Review IRS requirements for making tax deposit	Susan Vaughn	March 1, 2009	
Determine the feasibility or using outside vendor for processing payroll	Marvin Butler/Susan Vaughn	March 1, 2009	
Develop budget for FY 08 and 09	Marvin Butler/Susan Vaughn	January 30, 2009	
Obtain Board of Commissioner approval			

**Sidell Housing Authority
Corrective Action Plan**

Condition: It is Management's responsibility to resolved all issued identified during its most recent audit

<u>Tasks)</u>	<u>Person Responsible</u>	<u>Completion Date</u>	<u>Audit Find</u>
of Operating Budget	Marvin Butler	February 13, 2009	
Prepare Form 1099 for year end 12/31/08	Susan Vaughn/Jason Brissett	February 28, 2009	
Develop checklist of accounting tasks that should be performed, including deadlines for completion	Susan Vaughn	March 1, 2009	2006-02, 0 2000-01, 1
Develop report format for quarterly reports to be presented to Board of Commissioners	Susan Vaughn	March 1, 2009	
Review procedures for online processing	Susan Vaughn	March 1, 2009	
Review internal controls on all accounting procedures	Susan Vaughn	March 1, 2009	2006-08 2000-04, 2
Reconcile general ledger to bank reconciliation of all bank accounts FY 2008	Susan Vaughn	March 31, 2009	2006-02
Update operating procedures in conjunction with TENMAST	Susan Vaughn	March 16, 2009	2006-02
<u>HAP Section 8 Disbursement System</u> Staff interviews		17-Feb-09	2006-06
TENMAST training		February 18, 2009	2004-01
Determine source of HAP check payment report			
Develop procedures for reconciling			

**Stidell Housing Authority
Corrective Action Plan**

Condition: It is Management's responsibility to resolved all issued identified during its most recent audit

<u>Tasks</u>	<u>Person Responsible</u>	<u>Completion Date</u>	<u>Audit Firm</u>
subsidiary ledger accounts	Susan Vaughn	March 10, 2009	2006-02
<u>Revenue Recognition</u>			
Determine contract funding commitment for prior and current fiscal years			2006-06
Reconciled bank accounts			
Identify receivables at year end	Susan Vaughn	March 10, 2009	2006-06
<u>Tenant Files</u>			
Run Master report of tenants served during fiscal year ended March 31, 2008		20-Feb-09	
Determine and/or establish checklist of items that should be contained in tenant files		February 18, 2009	
Perform internal audit of all tenant files			
Review intake procedures and tenant selection process	Susan Vaughn	February 17, 2009	2006-09
Identify internal control issues in procedures, as they relate to gathering and or verifying information			
Determine record retention requirements IRS, HUD, if different	Susan Vaughn	March 1, 2009	2006-10, 2
Review current backup procedures for computer files and all paper files	Marvin Butler/Susan Vaughn	March 1, 2009	2006-05 2005-01 at 2005-02
Document disaster recovery plan	Marvin Butler/Susan Vaughn	May 1, 2009	2005-01 at 2005-02