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HOUSING AUTHORITY OF THE CITY OF SLIDELL

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED MARCH 31, 2014

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 MAR 11 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise fund of Housing Authority of the City of Slidell (the Authority) as of and for the year ended March 31, 2014, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the Table of Contents

Management's Responsibility for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise **Housing Authority of the City of Shidell's** basic financial statements. The accompanying Exhibits I and II are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Matters, Continued

Other Information, Continued

The Exhibits I and II are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Exhibits I and II are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund of the Authority, as of March 31, 2014, and the respective changes in financial position and, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 1, 2014

**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, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with the **Authority's** accompanying financial statements.

FINANCIAL HIGHLIGHTS

The assets of the **Authority** exceeded its liabilities by \$9,890,628 and \$9,847,579 at March 31, 2014 and 2013 (*net position*). Of these amounts, \$2,204,463 and \$2,354,549 at March 31, 2014 and 2013 (*unrestricted net position*) may be used to meet the **Authority's** ongoing obligations to citizens and creditors.

Restricted net position were \$1,679,003 and \$1,277,784 at March 31, 2014 and 2013.

The **Authority's** enterprise fund reported net position of \$9,890,628 and \$9,847,579 at March 31, 2014 and 2013 reflecting an increase in net position of \$43,049 (\$65,650 less prior period adjustment of \$22,601) at March 31, 2014, and \$390,863 (\$429,145 net of a prior period adjustment of \$38,282) at March 31, 2013, respectively. These changes are primarily attributable to the financial impact of HUD's funding levels, changes in operating and non-operating income and prior period adjustments.

The **Authority** had dwelling rental revenues and fees of \$253,103 and \$211,174 for the years ended March 31, 2014 and 2013 respectively. This increase in rental income from the Low Rent program is a result of the policy of income-tiering initiated by the Board of Commissioners and "working" as a local preference. This represents a 19.9% increase from 2013 to 2014. Operating grants were \$4,236,362 in 2014 and \$3,702,075 in 2013. Capital contribution was \$54,329 in 2014 and \$235,137, in 2013 and non-operating revenues of \$138,486 (2014) and \$161,002 (2013).

Total operating expenses for the years ended March 31, 2014 and 2013 were \$4,616,630 and \$4,700,251.

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

FINANCIAL HIGHLIGHTS, CONTINUED

In summary, operating and capital grants from the Federal government and dwelling rental constitutes 97% for 2014 and 96.3% for 2013, respectively of **the Authority's** total revenues. Non-operating revenues for the years ended March 31, 2014 and 2013 were 3.0% and 3.7% respectively of total revenues.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

REPORTING ON THE AUTHORITY AS A WHOLE

One of the most important questions asked about **the Authority's** finances, "Is **the Authority** as a whole better off, or worse off, as a result of the achievements of fiscal years 2014 and 2013?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about **the Authority** as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

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

FUND FINANCIAL STATEMENT

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. **The Authority**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. **The Authority** has three federally funded programs that are consolidated into a single enterprise fund. The capital fund program rolls into the Low Rent Public Housing Program at the combined financial statement reporting level.

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

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

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

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

USING THIS ANNUAL REPORT

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

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

REPORTING ON THE AUTHORITY'S MOST SIGNIFICANT FUND

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

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

Proprietary Funds - All of **the Authority's** services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net position. 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 position were \$9,890,628 and \$9,847,579 at March 31, 2014 and 2013, respectively. Of this amount, \$2,204,463 and \$2,354,549 were unrestricted. The unrestricted net position of the Authority are available for future use to provide program services. Restricted net position were \$1,679,003 and \$1,277,784 at March 31, 2014 and 2013, respectively. Of the \$1,679,003 (2014) and \$1,277,784 (2013) in restricted net position, \$868,160 in 2014 and \$467,849 in 2013 are reserved for future housing assistance payments and disaster planning and recovery activities.

**Table 1
Condensed Statement of Net Position**

The following table represents a condensed Statement of Net Position as of March 31, 2014 and 2013

Condensed Statement of Net Position		
March 31		
<u>Assets</u>		
	<u>2014</u>	<u>2013</u>
Current assets	\$ 3,992,852	\$ 3,757,327
Capital assets, net	<u>6,007,162</u>	<u>6,215,246</u>
Total assets	<u>10,000,014</u>	<u>9,972,573</u>
<u>Liabilities</u>		
Current liabilities	106,506	115,842
Noncurrent liabilities	<u>2,880</u>	<u>9,152</u>
Total liabilities	<u>109,386</u>	<u>124,994</u>
<u>Net Position</u>		
Net position		
Net investment in capital assets	6,007,162	6,215,246
Restricted	1,679,003	1,277,784
Unrestricted	<u>2,204,463</u>	<u>2,354,549</u>
Total net position	<u>\$ 9,890,628</u>	<u>\$ 9,847,579</u>

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

FINANCIAL ANALYSIS, CONTINUED

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

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Position for the years ended March 31, 2014 and 2013

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

	<u>2014</u>	<u>2013</u>
Revenues		
Operating revenues	\$ <u>4,489,465</u>	\$ <u>3,913,249</u>
Total operating revenues	<u>4,489,465</u>	<u>3,913,249</u>
Expenses		
Operating expenses	<u>(4,616,630)</u>	<u>(4,700,251)</u>
Total operating expenses	<u>(4,616,630)</u>	<u>(4,700,251)</u>
Operating loss	<u>(127,165)</u>	<u>(787,002)</u>
Non-operating revenues		
Non-operating revenues	<u>138,486</u>	<u>161,002</u>
Total non-operating revenues	<u>138,486</u>	<u>161,002</u>
Capital contributions		
Capital contributions	<u>54,329</u>	<u>235,137</u>
Total capital contributions	<u>54,329</u>	<u>235,137</u>
Change in net position	65,650	(390,863)
Beginning net position, as restated	<u>9,824,978</u>	<u>10,238,442</u>
Ending net position	\$ <u>9,890,628</u>	\$ <u>9,847,579</u>

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

EXPLANATIONS OF FINANCIAL ANALYSIS

Overall, net position increased by 44% from 2013 to 2014

Non-operating revenues decreased by 14% due to the decline in portability activity during 2014. Capital contribution decreased by 77% from 2013 due in part to the level of funding from HUD.

Compared with prior fiscal year, total operating, capital contribution and non-operating revenues in 2014 decreased by \$372,892 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$211,174 in 2013 to \$253,103 in 2014, primarily because of a combination of changes in tenants' personal income levels which serve as a basis for tenant rent level calculation payments and the significant level of leased-up at the Washington Heights.
- Operating grants from HUD for the Low Rent Public Housing and Housing Choice Voucher Programs increased from \$3,702,075 in 2013 to \$4,236,362 in 2014 due primarily to the level of leased-up in the Voucher Program impacting its earned grant.
- Capital funds for modernization of projects decreased from \$235,137 in 2013 to \$54,329 in 2014 as a result of funding availability from HUD.
- Non-operating revenues decreased from \$161,002 in 2013 to \$138,486 in 2014 as a result of the leveling off in portability activities and varying interest rates.

Compared to the prior fiscal year, total operating expenses decreased from \$4,700,251 during 2013 to \$4,616,630 for the year ended March 31, 2014, primarily as a result of staff furlough brought on by HUD changing the formula for the funding of unrestricted activities.

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

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Other reasons for most of these changes are listed below

- Decrease in the level of housing assistance payments to landlords from \$3,319,362 during 2013 to \$3,299,962 in 2014
- Other significant changes were in the areas of contractual services (specifically maintenance repairs related to the physical units), legal costs resulting from tenant claims and utilities

Overall, net position decreased by 4.2% from 2012 to 2013

That change in 2013 is primarily due to the net impact of prior period adjustments to address interfund out-of-balance coupled with a 17% decrease in operating revenues and 7.8% in expenses. Also, non-operating revenues decreased by 69% due to the decline in portability activity during 2013. Capital contribution decreased by 35% from 2012 due in part to the level of funding from HUD.

Compared with prior fiscal year, total operating, capital contribution and non-operating revenues in 2013 decreased by \$1,296,468 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below

- Tenant revenues decreased from \$221,619 in 2012 to \$211,174 in 2013, primarily because of a combination of changes in tenants' personal income levels which serve as a basis for tenant rent level calculation payments and the significant level of leased-up at the Washington Heights
- Operating grants from HUD for the Low Rent Public Housing and Housing Choice Voucher Programs decreased from \$4,497,712 in 2012 to \$3,702,075 in 2013 due primarily to the level of leased-up in the Voucher Program impacting its earned grant and a one time set aside funds received in 2012 from HUD
- Capital funds for modernization of projects decreased from \$360,280 in 2012 to \$235,137 in 2013 as a result of funding availability from HUD

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

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

- Non-operating revenues decreased from \$526,245 in 2012 to \$161,002 in 2013 as a result of the leveling off in portability activities and varying interest rates

Compared to the prior fiscal year, total operating expenses decreased from \$5,098,522 during 2012 to \$4,700,251 for the year ended March 31, 2013

Reasons for most of these changes are listed below

- Decrease in the level of housing assistance payments to landlords from \$3,500,561 during 2012 to \$3,438,312 in 2013
- Other significant changes were in the areas of contractual services, utilities, depreciation and supplies

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2014 and 2013, the Authority had \$6,007,162 and \$6,215,246 invested in a broad range of capital assets, including land, buildings and building improvements. This amount represents a net increase (including additions, deductions and depreciation) of \$208,984.

Capital Assets, Net		
March 31		
	<u>2014</u>	<u>2013</u>
Land and land improvements	\$ 779,855	\$ 779,855
Buildings and building improvements	8,756,697	8,654,689
Furniture and equipment	548,904	573,861
Construction in progress	54,329	-0-
Automobile	<u>18,181</u>	<u>18,181</u>
	10,157,966	10,026,586
Less accumulated depreciation expense	<u>(4,150,804)</u>	<u>(3,811,340)</u>
Total	<u>\$ 6,007,162</u>	<u>\$ 6,215,246</u>

The net change in capital assets of 3.3% 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, 2014 and 2013.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD for the funding of its operations, therefore **the Authority** is affected more by the Federal budget than by local economic conditions. The operating subsidies for the fiscal year ending March 31, 2015 have been approved by the Board of Commissioners and HUD.

Further, **the Authority** continues to be impacted by budgetary costs mandated by HUD specifically for the administrative fee component of its operating grant.

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 the Executive Director, at 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 POSITION- ENTERPRISE FUND
MARCH 31, 2014

ASSETS

Current assets	
Cash and temporary cash investment (NOTES 5 and 6)	\$ 2,185,608
Restricted cash (NOTES 5 and 6)	1,719,466
Accounts receivable - HUD	41,314
Amounts receivable (NOTE 2)	9,329
Investment (NOTE 11)	14,619
Prepaid item (NOTE 3)	<u>22,516</u>
Total current assets	<u>3,992,852</u>
Non-current assets	
Capital assets, net (NOTES 4 and 12)	<u>6,007,162</u>
Total non-current assets	<u>6,007,162</u>
Total assets	<u>10,000,014</u>

LIABILITIES

Current liabilities	
Amounts and other payables (NOTE 7)	56,129
Compensated absences payable (NOTE 13)	9,914
Security deposits held for tenants (NOTES 5 and 6)	<u>40,463</u>
Total current liabilities	<u>106,506</u>
Non-current liabilities	
Total non-current liabilities (NOTE 13)	<u>2,880</u>
Total liabilities	<u>109,386</u>

NET POSITION

Net position	
Net investment in capital assets	6,007,162
Restricted (NOTE 17)	1,679,003
Unrestricted	<u>2,204,463</u>
Total net position	<u>\$ 9,890,628</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION—ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2014

Operating Revenues	
HUD operating grants	\$ 4,004,526
Administrative fees earned	231,836
Dwelling rental and fees	<u>253,103</u>
Total operating revenues	<u>4,489,465</u>
Operating Expenses	
Salaries and employee benefits	227,999
Materials and other	15,870
Contractual services	358,380
Utilities	110,367
Depreciation	339,465
Insurance	88,197
Housing assistance payments	3,299,962
Housing assistance payments - portability-in	75,839
Housing assistance payments - portability fees	12,045
Convention and travel	7,588
Telephone	9,119
Bad debt expense	9,727
Supplies	12,953
Postage	5,420
Tenant services	13,372
Membership dues and fees	3,130
Bank charges	4,636
Payment in lieu of taxes	20,000
General	<u>2,561</u>
Total operating expenses	<u>4,616,630</u>
Operating loss	<u>(127,165)</u>
Non-operating revenues	
Interest income	2,429
Other	<u>136,057</u>
Total non-operating revenues	<u>138,486</u>
Capital contributions	
HUD capital grants	<u>54,329</u>
Total capital contributions	<u>54,329</u>
Change in net position	<u>65,650</u>
Net position, beginning of year	9,847,579
Prior period adjustments (NOTE 15)	<u>(22,601)</u>
Net position beginning of year as restated	<u>9,824,978</u>
Net position, end of year	<u>\$ 9,890,628</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2014

Cash Flows provided by Operating Activities	
Operating grants	\$ 4,201,748
Receipts from tenants	244,932
Payments to suppliers for goods and services	(661,056)
Payments to employees	(225,218)
Payments to landlords	<u>(3,387,846)</u>
Net cash provided by operating activities	<u>172,560</u>
Cash Flows provided by Capital and Related Financing Activities	
Acquisition of capital assets, net	(154,444)
Capital contributions	54,329
Other non-operating receipts	<u>138,486</u>
Net cash provided by capital and related financing activities	<u>38,371</u>
Cash Flows provided by Investing Activities	
Addition to investment	<u>231</u>
Cash provided by investing activities	<u>231</u>
Net increase in cash	211,162
Cash, beginning of year	<u>3,693,912</u>
Cash, end of year	<u>\$ 3,905,074</u>

The accompanying notes are an integral part of the financial statements

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2014

Reconciliation of Operating Loss to Net Cash provided
by Operating activities

Operating loss \$(127,165)

Adjustments to reconcile operating loss to cash provided
by Operating activities

Depreciation 339,465

Bad debt 9,727

Changes in assets and liabilities

Decrease in prepaid item 1,494

Decrease in amounts and other payables (9,463)

Decrease in compensated absences payable (6,419)

Increase in security deposits 274

Increase in amounts receivable (739)

Increase in amounts receivable - HUD (34,614)

Net cash provided by operating activities \$ 172,560

The accompanying notes are an integral part of the financial statements

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

NOTE 1 - Organization and Summary of Significant Accounting Policies

General

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

As of March 31, 2014, **the Authority** was primarily engaged in the administration of Low-Income, Housing Choice Voucher and Disaster Assistance Housing Programs to low-income residents in the City of Slidell.

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

Financial Reporting Entity

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

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

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

Financial Reporting Entity, Continued

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

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

Basis of Presentation

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

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

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

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

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

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

Basis of Presentation, Continued

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

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

Amounts Receivable

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

Interprogram Activities

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

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

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

Land, Structures and Equipment

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

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

The Authority follows the practice of capitalizing all structures and equipment over \$1,000 in the aggregate.

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

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	30- 40
Building improvements	15- 20
Equipment	3-7

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At March 31, 2014, management has estimated and recorded the effect of adoption of GASB Statement No. 42, "Accounting for the Impairment of Capital Assets and for Insurance Recoveries."

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

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

Compensated Absences

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

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

Total Memorandum Only

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

Budgets

The Authority prepares an annual budget for its Low Rent Public Housing Program. 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.

However, budgetary authority is based on HUD's approval.

The Authority does not present budgeted 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 to include monthly budgeted to actual comparison reports for review by the Authority's Board of Commissioners.

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

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

Statement of Cash Flows

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

Estimates

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

Net Position

The Authority has implemented GASB Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, effective fiscal year 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the Authority's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

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

NOTE 2 - Amounts Receivable

Amounts receivable as of March 31, 2014 consisted of the following

	<u>Housing Choice Voucher Program</u>	<u>Low Rent Public Housing Program</u>	<u>Total</u>
Other Housing Authorities	\$7,211	\$ -0-	\$7,211
Tenant note receivable	<u>-0-</u>	<u>2,118</u>	<u>2,118</u>
Total	<u>\$7,211</u>	<u>\$2,118</u>	<u>\$9,329</u>

NOTE 3 - Prepaid Item

Prepaid item at March 31, 2014 consisted of prepaid insurance of \$22,516

NOTE 4 - Capital Assets, Net

At March 31, 2014, capital assets, net consisted of the following

<u>Description</u>	<u>Balance April 1, 2013</u>	<u>Addition</u>	<u>Deletions</u>	<u>Balance March 31, 2014</u>
Land and land improvements	\$ 779,855	\$ -0-	\$ -0-	\$ 779,855
Building and building improvements	8,654,689	102,008	-0-	8,756,697
Construction in progress	-0-	54,329	-0-	54,329
Furniture and equipment	573,861	-0-	(24,957)	548,904
Automobile	<u>18,181</u>	<u>-0-</u>	<u>0-</u>	<u>18,181</u>
Sub-total	10,026,586	156,337	(24,957)	10,157,966
Less accumulated depreciation	<u>(3,811,340)</u>	<u>(339,465)</u>	<u>1</u>	<u>(4,150,804)</u>
Total	<u>\$ 6,215,246</u>	<u>\$(183,128)</u>	<u>\$(24,956)</u>	<u>\$ 6,007,162</u>

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

NOTE 5 - Cash and Temporary Cash Investment

At March 31, 2014, the carrying amount of **the Authority's** deposits was \$3,905,074 of which \$2,185,608 was unrestricted and \$1,719,466 restricted and the bank balance was \$3,912,393. Of this amount \$250,000 was covered by federal depository insurance and \$3,662,392 collateralized by a pledge of securities in the joint name of **the Authority** and the financial institution.

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.

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 March 31, 2014 and at various times during the year then ended, 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, 2014, cash and temporary cash investments (including restricted cash) consisted of the following

	<u>Housing Choice Voucher Program</u>	<u>Low Rent Public Housing Program</u>	<u>Total</u>	<u>Maturity</u>	<u>Interest Rate</u>
Cash on Hand	\$ -0-	\$ 399	\$ 399	N/A	N/A
Demand Deposits	930,659	272,714	1,203,373	N/A	N/A
Sweep Accounts	-0-	1,890,459	1,890,459	Varying	Daily
Savings Account	<u>-0-</u>	<u>810,843</u>	<u>810,843</u>	Varying	Daily
Total	<u>\$930,659</u>	<u>\$2,974,415</u>	<u>\$3,905,074</u>		

A recap of cash and temporary cash investment at March 31, 2014 follows

Cash and temporary cash investment	\$2,185,608
Restricted cash	<u>1,719,466</u>
	<u>\$3,905,074</u>

NOTE 6 - Restricted Cash

At March 31, 2014, restricted cash consisted of \$40,463 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

Also, included in restricted cash is \$868,160 of housing assistance payments (HAP) reserved for future HAP payments and disaster planning and recovery activities (see NOTE 17 for additional discussion) and \$810,843 for modernization and development.

The total restricted cash of \$1,719,466 represents the carrying amount and bank balance at March 31, 2014. Further, the amount is collateralized as previously described in NOTE 5.

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

NOTE 7 - Amounts and Other Payables

Amounts and other payables at March 31, 2014, consisted of the following

	<u>Low Rent Public Housing Program</u>	<u>Housing Choice Voucher Program</u>	<u>Total</u>
Accounts payable to vendors	\$25,552	\$12,024	\$37,576
Federal & State taxes payable	15,772	-0-	15,772
Salaries payable	<u>1,435</u>	<u>1,346</u>	<u>2,781</u>
Total	<u>\$42,759</u>	<u>\$13,370</u>	<u>\$56,129</u>

NOTE 8 - Risk Management

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

NOTE 9 - Concentration of Credit Risk

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

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.

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

NOTE 11 - Investment

At March 31, 2014, the Authority has invested in a retirement trust, \$14,619 in income investment See NOTE 16 for additional discussion

NOTE 12 - Commitments

At March 31, 2014, the Authority has executed agreements with HUD totaling \$252,662 for various modernization, capital fund acquisitions and management improvement projects (see Schedule V) Balance of funds remaining at March 31, 2014 was \$252,662 (see Schedule V)

NOTE 13 - Compensated Absences Payable

Compensated absences payable at March 31, 2014 of \$12,794 represents unpaid accrued vacation earned by employees

A breakdown follows

Current portion	\$ 9,914
Noncurrent portion	<u>2,880</u>
	<u>\$12,794</u>

\$-0- of the noncurrent portion is due within one year

NOTE 14 - Per Diem to Board Members

During the year ended March 31, 2014, no board member received per diem in his or her capacity as a commissioner

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

NOTE 15 - Restatement of Beginning Net Position

Net position at the beginning of the year has been restated to properly account for the effect of transactions between the Low Rent Public Housing and Capital Fund grants

NOTE 16 - Retirement Plan

On July 1, 2009, the Authority adopted a Housing Agency Retirement Trust (HART) The Plan qualifies under Internal Revenue code Section 401(a)

Eligibility is open to all regular full-time employees defined as individuals attaining the age of twenty-five (25) and completing twelve (12) months of continuous and uninterrupted employment Contributions to the plan is at ten (10%) percent by the Authority and five (5%) percent by the employee using their base rate of pay

For the year ended March 31, 2014, \$-0- had been contributed by the Authority and its eligible employees See NOTE 11 for additional discussion

NOTE 17 - Restricted Net Position

At March 31, 2014 restricted net position represent funds restricted to future payments on housing assistance payments, disaster planning and recovery activities and modernization and development projects

SUPPLEMENTARY INFORMATION



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

Alcide J Tervalon Jr CPA
Waldo J Moret Jr CPA
Paul K Andoh Sr CPA
Joseph A. Akanji CPA

rRetired)
Michael B Bruno CPA (2011)

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

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

**Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

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

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Schedule I is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedule I has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule I is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

(CONTINUED)

Other Information

The supplementary information (Schedules II, III, IV, and V) which is required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules II, III, IV, and V are fairly stated in all material respects in the relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 1, 2014

EXHIBIT I

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF NET POSITION ENTERPRISE FUND
MARCH 31 2014**

	<u>Operating Fund- Program</u>	<u>Capital Fund Program</u>	<u>Sub-total</u>	<u>Housing Choice Voucher Program</u>	<u>Totals (Memorandum Only)</u>
<u>ASSETS</u>					
Cash and temporary cash investment	\$2 123 109	\$ 0	\$2 123 109	\$ 62 499	\$ 2 185 608
Cash restricted modernization and development	810 843	0	810 843	0	810 843
Restricted cash	40 463	0	40 463	868 160	908 623
Accounts receivable HUD	41 314	0	41 314	0	41 314
Amounts receivable	2 118	0	2 118	7,211	9 329
Investment	14 619	0	14 619	0	14 619
Prepaid item	22 516	0	22 516	-0	22,516
Due from other funds	205 470	0	205 470	0	205 470
Capital assets net	<u>5,943,960</u>	<u>54,329</u>	<u>5,998,289</u>	<u>8,873</u>	<u>6,007,162</u>
Total assets	<u>9,204,412</u>	<u>54,329</u>	<u>9,258,741</u>	<u>946,743</u>	<u>10,205,484</u>
<u>LIABILITIES</u>					
Amounts and other payables	42,759	-0	42 759	13 370	56 129
Compensated absences payable	2 808	0	2,808	9,986	12 794
Security deposits held for tenants	40 463	0-	40 463	-0-	40 463
Due to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>205,470</u>	<u>205,470</u>
Total liabilities	<u>86,030</u>	<u>0</u>	<u>86,030</u>	<u>228,826</u>	<u>314,856</u>
<u>Net Position</u>					
Net investment in capital assets	5 943 960	54 329	5 998 289	8 873	6 007 162
Restricted	810 843	0	810 843	868 160	1 679 003
Unrestricted	<u>2,363,579</u>	<u>0</u>	<u>2,363,579</u>	<u>(159,116)</u>	<u>2,204,463</u>
Total net position	<u>\$9,118,382</u>	<u>\$54,329</u>	<u>\$9,172,711</u>	<u>\$ 717,917</u>	<u>\$ 9,890,628</u>

See Independent Auditors Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA**
COMBINING STATEMENT OF REVENUES EXPENSES AND CHANGES IN
FUND NET POSITION ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31 2014

	<u>Operating Fund Program</u>	<u>Capital Fund Program</u>	<u>Sub-total</u>	<u>Housing Choice Voucher Program</u>	<u>Totals (Memorandum Only)</u>
Operating Revenues					
Dwelling rental and fees	\$ 253 103	\$ 0	\$ 253 103	\$ 0	\$ 253 103
HUD operating grants	367 906	0	367 906	3 636 620	4 004 526
Administrative fees earned	<u>0-</u>	<u>0</u>	<u>-0</u>	<u>231,836</u>	<u>231,836</u>
Total operating revenues	<u>621,009</u>	<u>0</u>	<u>621,009</u>	<u>3,868,456</u>	<u>4,489,465</u>
Operating Expenses					
Salaries and employee benefits	118 939	0	118 939	109 060	227 999
Materials and other	15 870	0	15 870	0	15 870
Contractual services	273,780	0	273 780	84 600	358 380
Utilities	105 924	0	105 924	4 443	110 367
Depreciation	336 276	0	336 276	3 189	339 465
Insurance	75 337	-0	75 337	12 860	88 197
Housing assistance payments	0-	0	0-	3 299 962	3 299 962
Housing assistance payments portability in	0-	0	-0	75 839	75 839
Housing assistance payments portability fees	0	0	-0	12 045	12 045
Convention and travel	4 373	0	4 373	3 215	7 588
Telephone	4 733	0	4 733	4 386	9 119
Bad debt expense	9 727	0	9 727	0	9 727
Supplies	5 097	-0	5 097	7 856	12,953
Postage	2 475	0	2 475	2 945	5 420
Tenant services	12 609	0	12 609	763	13 372
Membership dues and fees	1 944	0	1 944	1 186	3 130
Bank charges	4 636	-0	4 636	0	4 636
Payment in lieu of taxes	20 000	-0	20 000	0	20 000
General	<u>1,817</u>	<u>0</u>	<u>1,817</u>	<u>744</u>	<u>2,561</u>
Total operating expenses	<u>993,537</u>	<u>0</u>	<u>993,537</u>	<u>3,623,093</u>	<u>4,616,630</u>
Operating income (loss)	<u>(372,528)</u>	<u>0-</u>	<u>(372,528)</u>	<u>245,363</u>	<u>(127,165)</u>

See Independent Auditors Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF REVENUES EXPENSES AND CHANGES IN
FUND NET POSITION--ENTERPRISE FUND CONTINUED
FOR THE YEAR ENDED MARCH 31 2014

	<u>Operating Fund Program</u>	<u>Capital Fund Program</u>	<u>Sub-total</u>	<u>Housing Choice Voucher Program</u>	<u>Totals (Memorandum Only)</u>
Non operating revenues					
Interest income	\$ 1 942	\$ 0	\$ 1 942	\$ 487	\$ 2 429
Other income	<u>33,397</u>	<u>-0-</u>	<u>33,397</u>	<u>102,660</u>	<u>136,057</u>
Total non operating revenues	<u>35,339</u>	<u>-0-</u>	<u>35,339</u>	<u>103,147</u>	<u>138,486</u>
Capital contributions					
HUD capital grants	<u>0-</u>	<u>54,329</u>	<u>54,329</u>	<u>-0-</u>	<u>54,329</u>
Total capital contributions	<u>0-</u>	<u>54,329</u>	<u>54,329</u>	<u>0</u>	<u>54,329</u>
Change in net position	<u>(337,189)</u>	<u>54,329</u>	<u>(282,860)</u>	<u>348,510</u>	<u>65,650</u>
Net position, beginning of year	9 478 174	0-	9 478,174	369,405	9 847,579
Prior period adjustments/equity transfer	<u>(22,603)</u>	<u>0-</u>	<u>(22,603)</u>	<u>2</u>	<u>(22,601)</u>
Net position, beginning of year as restated	<u>9,455,571</u>	<u>0</u>	<u>9,455,571</u>	<u>369,407</u>	<u>9,824,978</u>
Net position end of year	<u>\$ 9,118,382</u>	<u>\$ 54,329</u>	<u>\$9,172,711</u>	<u>\$ 717,917</u>	<u>\$9,890,628</u>

See Independent Auditors Report on Supplementary Information

SCHEDULE I

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2014**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U S Department of Housing and Urban Development (HUD)		
<u>Subject to Annual Contributions Contracts</u>		
Low Rent Public Housing Program	14 850a	\$ 367,906
Housing Choice Voucher Program	14 871	3,868,456
Capital Fund Program	14 872	<u>54,329</u>
 Grand Total		 <u>\$4,290,691</u>

NOTE Basis of Presentation

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

See Independent Auditors' Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
MARCH 31 2014

<u>LINE ITEM NO</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
111	Cash unrestricted	\$2 123,109	\$ 62 499	\$2 185 608
112	Cash modernization and development	810 843	0-	810 843
113	Cash - other restricted	-0	868 160	868 160
114	Cash tenant security deposits	<u>40,463</u>	<u>0-</u>	<u>40,463</u>
100	Total cash	<u>2,974,415</u>	<u>930,659</u>	<u>3,905,074</u>
122	Accounts receivable - HUD	41 314	0	41,314
125	Accounts receivable - Miscellaneous	<u>2,118</u>	<u>7,211</u>	<u>9,329</u>
120	Total receivables, net of allowance for doubtful accounts	<u>43,432</u>	<u>7,211</u>	<u>50,643</u>
131	Investments unrestricted	14,619	-0	14 619
142	Prepaid expenses and other assets	22,516	-0-	22,516
144	Interprogram due from	<u>205,470</u>	<u>-0</u>	<u>205,470</u>
150	Total current assets	<u>3,260,452</u>	<u>937,870</u>	<u>4,198,322</u>

See Independent Auditors Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31 2014

<u>LINE ITEM NO</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
161	Land	\$ 779,855	\$ 0-	\$ 779,855
162	Buildings	8,756,697	-0-	8,756,697
163	Furniture equipment and machinery-dwellings	381,700	-0-	381,700
164	Furniture equipment and machinery-administration	169,437	15,948	185,385
166	Accumulated depreciation	(4,143,729)	(7,075)	(4,150,804)
167	Construction in progress	<u>54,329</u>	<u>-0-</u>	<u>54,329</u>
160	Total capital assets net of accumulated depreciation	<u>5,998,289</u>	<u>8,873</u>	<u>6,007,162</u>
180	Total non-current assets	<u>5,998,289</u>	<u>8,873</u>	<u>6,007,162</u>
190	Total assets	<u>\$ 9,258,741</u>	<u>\$946,743</u>	<u>\$10,205,484</u>

See Independent Auditors Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31 2014

<u>LINE ITEM NO</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
312	Accounts payable ≤90 days	\$ 42,759	\$ 13,370	\$ 56,129
322	Accrued compensated absences current portion	2,174	7,740	9,914
341	Tenant security deposits	40,463	-0	40,463
347	Interprogram due to	<u>-0-</u>	<u>205,470</u>	<u>205,470</u>
310	Total current liabilities	<u>85,396</u>	<u>226,580</u>	<u>311,976</u>
354	Accrued compensation absences noncurrent portion	<u>634</u>	<u>2,246</u>	<u>2,880</u>
350	Total noncurrent liabilities	<u>634</u>	<u>2,246</u>	<u>2,880</u>
300	Total liabilities	<u>86,030</u>	<u>228,826</u>	<u>314,856</u>

See Independent Auditors Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SLIDELL
~ SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET CONTINUED
MARCH 31 2014

<u>LINE ITEM NO</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
508 4	Net investment in capital assets	\$5,998,289	\$ 8,873	\$ 6,007,162
511 4	Restricted net position	810,843	868,160	1,679,003
512 4	Unrestricted net position	<u>2,363,579</u>	<u>(159,116)</u>	<u>2,204,463</u>
513	Total equity/net position	<u>9,172,711</u>	<u>717,917</u>	<u>9,890,628</u>
600	Total liabilities and equity/net position	<u>\$9,258,741</u>	<u>\$ 946,743</u>	<u>\$10,205,484</u>

See Independent Auditors Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2014

<u>LINE ITEM NO</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
70300	Net tenant rental revenue	\$253,103	\$ -0	\$ 253,103	\$ 0	\$ 0
70500	Total tenant revenue	253,103	-0	253,103	-0	0
70600 010	Housing assistance payments	0-	0-	0-	3,636,620	3 636 620
70600 020	Ongoing administrative fees earned	0-	0-	0-	231,836	231,836
		0-	0-	0-	3,868,456	3,868,456
70600	HUD PHA operating grants	367,906	0-	367,906	0-	0-
70610	Capital grants	0-	54,329	54,329	0	0
71100	Investment income unrestricted	1,942	0-	1,942	487	487
71500	Other revenue	33,397	0-	33,397	102,660	102,660
70000	Total revenue	656,348	54,329	710,677	3,971,603	3,971,603

See Independent Auditors Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31 2014

<u>LINE ITEM NO</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
91100	Administrative salaries	\$ 96,011	\$ -0	\$ 96,011	\$ 87,604	\$ 87,604
91200	Auditing fees	20,480	0	20,480	9,620	9,620
91500	Employee benefit contributions					
	administrative	17,007	0-	17,007	11,470	11,470
91600	Office expense	145,556	0-	145,556	81,856	81,856
91700	Legal expense	4,248	0	4,248	12,297	12,297
91800	Travel	1,288	0	1,288	1,159	1,159
91900	Other	<u>1,779</u>	<u>0-</u>	<u>1,779</u>	<u>-0</u>	<u>-0-</u>
91000	Total operating - administrative	<u>286,369</u>	<u>-0</u>	<u>286,369</u>	<u>204,006</u>	<u>204,006</u>
92400	Tenant services - other	<u>12,609</u>	<u>0-</u>	<u>12,609</u>	<u>763</u>	<u>763</u>
92500	Total tenant services	<u>12,609</u>	<u>-0-</u>	<u>12,609</u>	<u>763</u>	<u>763</u>
93100	Water	84,432	0	84,432	987	987
93200	Electricity	19,817	0-	19,817	3,093	3,093
93800	Other utilities	<u>1,675</u>	<u>0</u>	<u>1,675</u>	<u>363</u>	<u>363</u>
93000	Total utilities	<u>105,924</u>	<u>0</u>	<u>105,924</u>	<u>4,443</u>	<u>4,443</u>

See Independent Auditors Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE—COMBINING INCOME STATEMENT CONTINUED
FOR THE YEAR ENDED MARCH 31 2014

<u>LINE ITEM NO</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
94200	Ordinary maintenance and operations materials and other	\$ 15 870	\$ 0	\$ 15 870	\$ -0-	\$ -0-
94300 010	Ordinance maintenance and operations garbage and trash removal	5 540	0	5,540	0	-0
94300 020	Ordinary maintenance and operations contracts-heating and cooling contracts	1 649	0-	1 649	-0	0
94300 050	Ordinary maintenance and operations contracts-landscape and grounds contracts	10 960	0-	10 960	0	0
94300 060	Ordinary maintenance and operations contracts unit turnaround contracts	20,189	-0-	20 189	-0	-0
94300 070	Ordinary maintenance and operations contracts electrical contracts	1 895	-0	1 895	0-	0
94300 080	Ordinary maintenance and operations contracts plumbing contracts	13 442	0	13 442	0	0
94300 090	Ordinary maintenance and operations contracts extermination contracts	7 620	0	7 620	0-	0-
94300 100	Ordinary maintenance and operations-contracts janitorial	410	0	410	0-	0-
94300 110	Ordinary maintenance and operations contracts routine maintenance	1 010	-0	1 010	-0	0
94300 120	Ordinary maintenance and operations contracts miscellaneous contracts	<u>24,491</u>	<u>0</u>	<u>24,491</u>	<u>0</u>	<u>-0</u>
94000	Total maintenance	<u>103,076</u>	<u>0</u>	<u>103,076</u>	<u>-0</u>	<u>0</u>

See Independent Auditors Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

<u>LINE ITEM NO</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
95200	Protective services - other contract costs	\$ 38,258	\$ -0-	\$ 38,258	\$ -0-	\$ -0-
95000	Total protective services	38,258	-0-	38,258	0-	-0-
96110	Property insurance	43,516	0	43,516	3,724	3,724
96120	Liability insurance	6,304	-0-	6,304	3,964	3,964
96130	Workers compensation	2,410	-0-	2,410	3,195	3,195
96140	All other insurance	23,147	-0-	23,147	1,977	1,977
96100	Total insurance premiums	75,377	0	75,377	12,860	12,860
96200	Other general	-0	0	-0-	12,045	12,045
96210	Compensated absences	2,808	-0-	2,808	9,986	9,986
96300	Payment in-lieu of taxes	20,000	-0-	20,000	-0	0-
96400	Bad debt tenant rents	9,727	-0-	9,727	-0	0
96800	Severance expense	3,113	0-	3,113	-0	-0-
96000	Total other general expenses	35,648	0	35,648	22,031	22,031
96900	Total operating expenses	657,261	0	657,261	244,103	244,103
97000	Excess (deficiency) of revenue over (under) operating expenses	(913)	54,329	53,416	3,727,500	3,727,500

See Independent Auditors Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT CONTINUED
FOR THE YEAR ENDED MARCH 31 2014

<u>LINE ITEM NO</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
97300	Housing assistance payments	\$ -0	\$ -0-	\$ -0-	\$3,299,962	\$3,299,962
97350	Hosing assistance payments portability in	-0	-0	-0	75,839	75,839
97400	Depreciation expense	<u>336,276</u>	<u>-0</u>	<u>336,276</u>	<u>3,189</u>	<u>3,189</u>
90000	Total expenses	<u>993,537</u>	<u>-0</u>	<u>993,537</u>	<u>3,623,093</u>	<u>3,623,093</u>
10000	Excess (deficiency) of revenue over (under) expenses	\$ <u>(337,189)</u>	\$ <u>54,329</u>	\$ <u>(282,860)</u>	\$ <u>348,510</u>	\$ <u>348,510</u>
11030	Beginning equity/net position	\$9,478,174	\$ -0	\$9,478,174	\$ 369,405	\$ 369,405
11040-010	Prior period adjustments equity transfers and correction of errors	<u>(22,603)</u>	<u>-0</u>	\$ <u>(22,603)</u>	<u>2</u>	<u>2</u>
	Beginning equity/net position as adjusted	<u>\$9,455,571</u>	<u>\$ -0</u>	<u>\$9,455,571</u>	<u>\$ 369,407</u>	<u>\$ 369,407</u>
11170	Administrative fee equity			<u>-\$ -0-</u>	<u>\$(150,243)</u>	<u>\$(150,243)</u>
11180	Housing assistance payments equity			<u>\$ -0</u>	<u>\$ 868,160</u>	<u>\$ 868,160</u>
11190	Unit months available	<u>1,500</u>	<u>N/A</u>	<u>1,500</u>	<u>7,452</u>	<u>7,452</u>
11210	Number of unit months leased	<u>1,440</u>	<u>N/A</u>	<u>1,440</u>	<u>5,059</u>	<u>5,059</u>
11270	Excess cash	<u>\$2,286,926</u>	<u>\$ -0</u>	<u>\$2,286,926</u>	<u>\$ -0-</u>	<u>\$ -0</u>
11620	Building purchases	<u>\$ 156,337</u>	<u>\$ -0</u>	<u>\$ 156,337</u>	<u>\$ -0</u>	<u>\$ -0</u>
11630	Furniture and equipment	<u>\$ -0</u>	<u>\$ -0</u>	<u>\$ -0</u>	<u>\$ -0</u>	<u>\$ -0</u>

See Independent Auditors Report on Supplementary Information

SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COSTS (COMPLETED)
FROM INCEPTION THROUGH MARCH 31, 2014**

	<u>LA48P103-501-11</u>	<u>LA48P103 501 12</u>	<u>TOTAL</u>
Funds approved	\$ 142,222	\$ 131,650	\$ 273,872
Funds expended	<u>(142,222)</u>	<u>(131,650)</u>	<u>(273,872)</u>
Excess (deficiency) of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Funds Advanced			
Grant funding	\$ <u>142,222</u>	\$ <u>131,650</u>	\$ <u>273,872</u>
Total funds advanced	<u>142,222</u>	<u>131,650</u>	<u>273,872</u>
Funds expended	<u>(142,222)</u>	<u>(131,650)</u>	<u>(273,872)</u>
Excess (deficiency) of funds advanced	\$ <u>0-</u>	\$ <u>0-</u>	\$ <u>-0-</u>

NOTE The distribution of costs as shown on the line of credit control system and the total award per the approved Form HUD 53012 (Capital Fund Program) Amendment to the Consolidation Annual Contributions Contracts is in agreement with the Authority's records and all costs and liabilities associated with the project have been paid

See Independent Auditors Report on Supplementary Information.

SCHEDULE V

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COSTS (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2014**

	<u>LA48P103501-13</u>	<u>LA48P103-501-14</u>	<u>TOTAL</u>
Funds approved	\$126,493	\$126,169	\$252,662
Funds expended	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of funds approved	<u>\$126,493</u>	<u>\$126,169</u>	<u>\$252,662</u>
Funds Advanced			
Grant funding	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Total funds advanced	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Funds expended	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of funds advanced	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See Independent Auditors' Report on Supplementary Information



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited 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, the financial statements of the enterprise fund of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2014, and the related notes to the financial statements which collectively comprise **the Authority's** basic financial statements, and have issued our report thereon dated December 1, 2014

Internal Control Over Financial Reporting

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Summary Schedule of Findings and Questioned Costs, we identified three (3) deficiencies in internal control over financial reporting two (2) we consider to be material weaknesses and the other a significant deficiency

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis

A significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2014-02 to be a significant deficiency in internal control over financial reporting

A material weakness over financial reporting is a deficiency or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected in a timely basis. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2014-01 and 2014-04 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance 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 item 2014-03.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". **The Authority's** response was not subjected to the auditing procedures applicable in the audit of the financial statements and, accordingly, we express no opinion on it.

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)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 1, 2014



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

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

Report on Compliance for Each Major Federal Program

We have audited **Housing Authority of the City of Slidell's (the Authority)** compliance with the types of compliance requirements described in the *U S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the **Authority's** major federal programs for the year ended March 31, 2014. **The Authority's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **the Authority's** major federal programs based on our audit of the types of compliance requirements previously described. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the Authority's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, **the Authority** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2014-05 through 2014-12 and 2014-16. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's Response to Findings

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements previously discussed. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Report on Internal Control Over Compliance, Continued

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the Authority's internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the following paragraphs, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis

A significant deficiency in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2014-14 to be a significant deficiency in internal control over compliance

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2014-13 and 2014-15 to be material weaknesses, as defined above

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

The Authority's Response to Findings

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status" The Authority's response was not subject to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 Accordingly, this report is not suitable for any other purpose Under Louisiana Revised Statute 24 513, this report is distributed by the Legislative Auditor as a public document

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 1, 2014

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified	Yes
Non-compliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
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, 2014

Section I - Summary of Auditors' Results, Continued

Identification of major programs

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14 871	Housing Choice Voucher Program
14 850a	Low Rent Public Housing Program
Dollar threshold used to distinguish between type A and type B programs	\$300,000
Auditee qualified as low-risk auditee?	No

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2014**

Section II – Financial Statement Findings and Questioned Costs

Reference Number

2014-01

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

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

Condition

Our review of the detail general ledger generated by the Authority revealed the following material conditions

- Year end accruals were not completely reflected in the accounting records prior to the effect of audit work effort and resulting audit adjustments
- Capital assets recorded between the Low Rent Public Housing and Capital Fund Programs to reflect capital assets and equity transfers were not correctly reported prior to the impact of audit work effort and resulting audit adjustments
- Noted inconsistencies in the classification of cost to the respective control accounts resulting in significant reclassification entries at year-end
- Inadequate control design of the internal control over financial reporting process to ensure the complete and timely preparation of financial statements

This condition is similar to a prior year finding reference number 2012-08

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2014-01

Questioned Costs

None

Context

Total amount of federal awards expended for the year ended March 31, 2014 were \$4,290,691

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations and Board policy that impacts the performance of a timely and efficient audit to include the completeness in prepared financial statements

Cause

Completeness of periodic closing process to facilitate the timely analysis and review of significant general ledger accounts Further, such a process should be aimed at the completeness in prepared financial statements

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2014-01

Management's Response and Planned Corrective Action

Management is aware of the problems that exist, particularly this fiscal year. The Authority was without an accountant for three months which cause for the Authority to get behind in monthly reconciliations. To ensure that monthly reconciliation between programs and accounting take place, the Executive Director is now facilitating monthly meetings and will continue to do so on a monthly meeting.

All reclassifications and adjustments will be signed by the Executive Director to ensure that all entries and re-classes are adjusted in the ledger no later than the 5th of each succeeding month.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2014-02

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

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

Condition

Under the Authority's current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the Authority's assets

Management continues to evaluate and implement mitigating controls to minimize the potential risk from the referenced condition

This condition is similar to prior year findings reference numbers 2012-03, 2012-17, 2010-03, 2010-32, 2011-03, 2011-27, 2009-02, 2009-14, 2008-01 and 2007-02

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2014 were \$4,290,691

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2014-02

Effect or Potential Effect

The Authority's current structure provides for an environment that is conducive to an ineffective segregation of duties

Cause

Size of personnel assigned to the accounting function and the Authority as a whole coupled with the level of available financial resources

Recommendation

We recommend that management and the Board continue to provide the level of oversight necessary to mitigate the potential risk associated with the current level of segregation of duties

Management's Response and Planned Corrective Action

Management is in the process of hiring a staff accountant, since experience has shown that fee accountants are not able to provide the level of performance that is needed. Based on the number of units in both programs, it is felt that we will remain at our current level of staffing. Hopefully continuing training and education can result in staff performing their functions more efficiently. The Executive Director will conduct documented quality control reviews on a monthly basis until we determine that quarterly reviews will suffice.

Management will continue to evaluate the Authority's internal controls and make adjustments where necessary. The Executive Director has staff training every week to evaluate the skill level of staff and to ensure that they are knowledgeable of the Authority and HUD policies that effect their performance.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2014-03

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

Louisiana Revised Statute 24 513 requires the submission of audited financial statements within six (6) months of year end

Condition

The audited financial statements as of and for the year ended March 31, 2014 were not published by September 30, 2014 (statutory due date)

Questioned Costs

None

Context

Federal awards expended for the year ended March 31, 2014 were \$4,290,691

Effect or Potential Effect

Noncompliance with the statutory due date requirement of Louisiana Audit Law

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2014-03

Cause

Prior to the start of the 2014 audit, the Authority was impacted by transitional challenges resulting from the resignation of its fee accountant

Recommendation

As the Authority continues to restructure the financial section of its operations, greater emphasis should be placed on the key financial operating cycles to ensure timely complete and accurate financial information reporting. Ultimately, the objective will be to achieve a timely completion of month-end and year-end closing of its accounting records.

Furthermore, an enhanced level of oversight is necessary to ensure the timely, accurate preparation, routine account analysis and delivery of complete financial information.

Management's Response and Planned Corrective Action

Based on the corrective action plans described in findings 2014-01 and 2014-02, it is expected that monthly reconciliations between general ledger (accounting) and TARS (tenant accounting) and HAP (housing payments) ledgers (voucher program) will result in this not re-occurring.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS-AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2014-04

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy in financial reporting

Condition

During the course of the audit, we continued to note that the financial statements as prepared by the Authority required several and significant audit adjustments to fairly state account balances

This condition is similar to a prior year finding reference number 2012-21

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2014 were \$4,290,691

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2014-04

Effect or Potential Effect

Condition in **the Authority's** current internal control system over financial reporting provides for an environment that is conducive to the potential misstatement of financial statements

Cause

Transitional challenges encountered during the year resulting from changes in personnel charged with direct responsibility of the accounting processing function.

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement revised and/or new procedures and processes as necessary to minimize, if not eliminate, the potential risk associated with the described condition. The review should include **the Authority's** personnel capacity (both for its in-house staff and outside consultants) and current software processing capacity to ensure the completeness and integrity of resulting financial statements

Management's Response and Planned Corrective Action

Management agrees totally with the recommendation and will continue to report to the Board at least monthly, **the Authority's** financial operations and staffing. Effective immediately, the Executive Director will make certain that the function of maintaining ledgers and bank reconciliations are completed and accurate on monthly basis

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs

Reference Number

2014-05

Federal Award Program

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

Criteria

Management of the Authority is responsible for the submission of Form HUD 50058 each time the Authority completes an admission, annual, interim re-examination or other change of a unit for a family

Condition

The results of our review of five (5) tenant files revealed in all instances where the Authority lacked documented evidence to support that the Form HUD 50058 were submitted on a timely basis

Questioned Costs

None

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2014 were \$367,906

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-05

Effect or Potential Effect

Noncompliance with HUD regulations and Board policy regarding the filing of Form HUD 50058

Cause

Lack of a system in place to support compliance with the timely filing of Form HUD 50058

Recommendation

Management should revisit with its current HUD Form 50058 monitoring process. Further, management should continue to perform periodic sample reviews of tenants files to ensure documented filing and completeness.

Management's Response and Planned Corrective Action

Management will initiate a monthly quality control review aimed at ensuring the completeness of its tenant files.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-06

Federal Award Program

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

Criteria

24 CFR section 982-1 (a)(2) provides guidance in the determination of tenant's eligibility to participate in the housing program. Further, the Authority is required to certify as to the reasonableness of rent paid to owners on behalf of the family.

Condition

In one (1) of ten (10) tenant files reviewed, we noted no documented evidence to support the certification of rent reasonableness.

Questioned Costs

None

Context

Total federal awards expended for the Housing Choice Voucher Program were \$3,868,456 or 90% of the total federal awards for the year ended March 31, 2014.

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 982-1(a)(2)

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-06

Cause

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulation

Recommendation

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

Management's Response and Planned Corrective Action

Training is an on-going proactive activity at the Authority. Weekly training conducted by the Executive Director and training offered by trainers in the profession will be available to staff and in some cases it will be mandatory.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-07

Federal Award Program

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

Criteria

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

Condition

Our review of ten (10) tenant files revealed in all instances where the Authority lacked evidence to support the submission of Form HUD 50058

This condition is similar to prior year findings reference numbers 2012-10, 2012-15, 2011-12 and 2011-21

Questioned Costs

None

Context

Total federal awards expended for the Housing Choice Voucher Program were \$3,868,456 or 90% of the total federal awards for the year ended March 31, 2014

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-07

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR relative to the filing of Form HUD 50058

Cause

Failure to generate and/or document the completeness of all submitted data

Recommendation

We recommend that management provide staff with the necessary training to ensure documented evidence of the timely submission of all required external reports

In addition, the Form HUD 50058 should be reviewed at a supervisory level on a sample basis for completeness of the process

Management's Response and Planned Corrective Action

Management will institute a monthly quality control review process aimed at ensuring the completeness in tenant files to include the submission of all required reports

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-08

Federal Award Program

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

Criteria

Except as provided in 24 CFR section 982 203, all families admitted to the housing program must be selected from the waiting list who reach the top of the list

Condition

Our review of ten (10) tenant files revealed in all instances where documents confirming the tenants position on the waiting list prior to an offer for placement was not on file to support tenancy

Questioned Costs

None

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$3,868,456 or 90% of the total federal awards for the year ended March 31, 2014

Effect or Potential Effect

Noncompliance with HUD regulations and Board policy regarding tenant placement

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-08

Cause

Oversight in the documentation process to include the use of the waiting list as required in connection with the placement of tenants

Recommendation

Management should provide additional training to staff to ensure the completeness in tenant file maintenance and use of the Authority's waiting list in the placement of tenants

Management's Response and Planned Corrective Action

Management agrees completely with this finding. The newly appointed Housing Choice Voucher Program Manager is presently working with the Executive Director to correct the management of the waiting list to ensure that each client file is complete in accordance with the Authority and HUD policy. In accordance with Quality Control procedures, a review of tenant/client files will be instituted.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-09

Federal Award Program

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

Criteria

24 CFR section 960 205 provides guidance in the determination of tenant's eligibility to participate in the housing program. Further, the Authority is required to submit to HUD Form 50058 to include information such as birth certificate, total annual income, etc

Condition

In five (5) of five (5) tenant files reviewed, we noted no written documentation on file to support verification of prior lease violations

This condition is similar to prior year findings reference numbers 2012-11, 2011-14, 2010-12, 2009-09, 2009-06, 2008-06 and 2008-07

Questioned Costs

None

Context

Total federal awards expended for the Low Rent Public Housing Program were \$367,906 or 8.6% of the total federal awards for the year ended March 31, 2014

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-09

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 960 205

Cause

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulation

Recommendation

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

Management's Response and Planned Corrective Action

Management will develop with the input of each Manager, what is expected in each file. It will be used as a guideline on what documents are required in the file and it will be used as the format in Quality Control reviews and evaluation of staff performance

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-10

Federal Award Program

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

Criteria

24 CFR sections 960 202 through 960 206 require tenants to be selected from a waiting list prepared and maintained by the Authority

Condition

Tenant move-ins into the Authority's Low Rent Public Housing Program for five (5) files reviewed, lacked documented evidence to support the order and placement from a waiting list

This condition is similar to prior year findings reference numbers 2012-14, 2011-23, 2010-13 and 2009-07.

Questioned Costs

None

Context

Expenditures of federal awards for the year ended March 31, 2014 for the Low Rent Public Housing Program were \$367,906 or 8.6% of total expenditures of federal awards

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-10

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 960

Cause

Lack of an established practice to retain on file, documented evidence to support selection from the waiting list

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR sections 960 202 through 960 206 Further, placement into the program should be from the waiting list in accordance with Board policy and HUD regulation

Management's Response and Planned Corrective Action

The Authority has a local preference in the selection from the waiting list, each person that meets that preference All such selections should be documented It will again be a part of the Authority's continuous training and evaluation

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-11

Federal Award Program

Capital Fund Program (see Schedule of Expenditures of Federal Awards)

Criteria

The Davis Bacon Act requires that

- o All contractors and subcontractors performing on federal contracts (and contractors and subcontractors performing on federally assisted contracts under related acts) in excess of \$2,000 pay their labors and mechanics not less than the prevailing wage rates and fringe benefits listed in the contractor Wage Determination for the corresponding classes of labors and mechanics in similar projects in the area,
- o Contracts in excess of \$100,000 pay employees one and one half (1 - 1/2) times their basic rates of pay for hours worked in excess of forty (40) in a one week pay period,
- o Weekly payment of employees, and
- o Submission of certified weekly payroll records along with a statement of compliance signed by an authorized officer or employee who supervises the payment of wages completed seven (7) days after the regular pay date for the pay period

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-11

Condition

Based on our review of a project (judgementally selected), we noted the following conditions

- o No evidence of a statement of weekly payroll reporting during the contract period
- o Additionally, we were unable to evidence whether a "Statements of Certification" were received within the required seven (7) days of the payroll date for all contractor/subcontractor reviewed as no statements were available for our review
- o No evidence to support the performance of on-site interviews

We noted that the contractual responsibility for performance of the referenced functions was with the Authority's hired architect

Questioned Costs

None

Context

Total federal awards expended for the Capital Fund Program for the year ended March 31, 2014 were \$54,329

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-11

Effect or Potential Effect

Potential noncompliance with the requirements of the Davis Bacon Act

Cause

Lack of effective monitoring and oversight to ensure completeness of files and compliance with the reporting requirements of the Davis Bacon Act

Recommendation

We recommend that management strengthen enforcement of monitoring and oversight controls currently in place to ensure that files maintained to support compliance with regulatory requirements are complete

Management's Response and Planned Corrective Action

Management concurs with this finding. Management has already notified the Construction Manager on the project to notify all contractors and subcontractors, of the reporting requirement. The Authority has been receiving the weekly payroll registers submitted on a monthly basis, however, they are now being submitted on a weekly basis. The Authority has started conducting interviews with contractors' reported staff.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-12

Federal Award Program

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

Criteria

HUD regulations require the leased-up of the units authorized through the Annual Contribution Contract

Condition

Our review of the March 31, 2014 occupancy report reveals a 91% leased-up based on the Authority's authorized Annual Contribution Contract allocation

Questioned Costs

None

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$3,868,456 or 90% of the total federal awards for the year ended March 31, 2014

Effect or Potential Effect

Noncompliance with HUD regulations regarding leased-up levels

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-12

Cause

The level of funding budget authority directly impacts the ability of the Authority to meet the 100% threshold

Recommendation

Management should enhance its outreach efforts to increase its leased-up level within its budgetary funding from HUD

Management's Response and Planned Corrective Action

Management is diligently working to increase the number of participants in the program. A new Housing Choice Voucher Program Manager is leading the program in the right direction and is working to increase our leased-up. The Executive Director will continue to monitor the leased-up process on a weekly basis

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-13

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

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

Condition

Our review of the detail general ledger generated by the Authority revealed the following material conditions

- Year end accruals were not completely reflected in the accounting records prior to the effect of audit work effort and resulting audit adjustments
- Capital assets recorded between the Low Rent Public Housing and Capital Fund Programs to reflect capital assets and equity transfers were not correctly reported prior to the impact of audit work effort and resulting audit adjustments
- Noted inconsistencies in the classification of cost to the respective control accounts resulting in significant reclassification entries at year-end
- Inadequate control design of the internal control over financial reporting process to ensure the complete and timely preparation of financial statements

This condition is similar to a prior year finding reference number 2012-08

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-13

Questioned Costs

None

Context

Total amount of federal awards expended for the year ended March 31, 2014 were \$4,290,691

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations and Board policy that impacts the performance of a timely and efficient audit to include the completeness in prepared financial statements

Cause

Completeness of periodic closing process to facilitate the timely analysis and review of significant general ledger accounts. Further, such a process should be aimed at the completeness in prepared financial statements

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-13

Management's Response and Planned Corrective Action

Management is aware of the problems that exist, particularly this fiscal year. The Authority was without an accountant for three months which cause for the Authority to get behind in monthly reconciliations. To ensure that monthly reconciliation between programs and accounting take place, the Executive Director is now facilitating monthly meetings and will continue to do so on a monthly meeting.

All reclassifications and adjustments will be signed by the Executive Director to ensure that all entries and re-classes are adjusted in the ledger no later than the 5th of each succeeding month.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-14

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

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

Condition

Under the Authority's current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the Authority's assets

Management continues to evaluate and implement mitigating controls to minimize the potential risk from the referenced condition

This condition is similar to prior year findings reference numbers 2012-03, 2012-17, 2010-03, 2010-32, 2011-03, 2011-27, 2009-02, 2009-14, 2008-01 and 2007-01

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2014 were \$4,290,691

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-14

Effect or Potential Effect

The Authority's provide for an environment that is conducive to and effective segregation of duties

Cause

Size of personnel assigned to the accounting function and the Authority as a whole coupled with the level of av available financial resources

Recommendation

We recommend that management and the Board continue to provide the level of oversight necessary to mitigate the potential risk associated with the current level of segregation of duties

Management's Response and Planned Corrective Action

Management is in the process of hiring a staff accountant, since experience has shown that fee accountants are not able to provide the level of performance that is needed. Based on the number of units in both programs, it is felt that we will remain at our current level of staffing. Hopefully continuing training and education can result in staff performing their functions more efficiently. The Executive Director will conduct documented quality control reviews on a monthly basis until we determine that quarterly reviews will suffice.

Management will continue to evaluate the Authority's internal controls and make adjustments where necessary. The Executive Director has staff training every week to evaluate the skill level of staff and to ensure that they are knowledgeable of the Authority and HUD policies that effect their performance.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-15

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards)

Criteria

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy in financial reporting

Condition

During the course of the audit, we continued to note that the financial statements as prepared by the Authority required several and significant audit adjustments to fairly state account balances

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2014 were \$4,290,691

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-15

Effect or Potential Effect

Condition in the Authority's current internal control system over financial reporting provides for an environment that is conducive to the misstatement of financial statements

Cause

Transitional challenges encountered during the year resulting from changes in personnel charged with direct responsibility of the accounting processing function.

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement revised and/or new procedures and processes as necessary to minimize, if not eliminate, the potential risk associated with the described condition. The review should include the Authority's personnel capacity and current software processing capacity to ensure the completeness and integrity of resulting financial statements.

Management's Response and Planned Corrective Action

Management agrees totally with the recommendation and will continue to report to the Board at least monthly, the Authority's financial operations and staffing. Effective immediately, the Executive Director will make certain that the function of maintaining ledgers and bank reconciliations are completed and accurate on monthly basis.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2014-16

Federal Award Program

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

Criteria

Pursuant to 24 CFR part 941, subpart F, a current Declaration of Trust (DOT) in an acceptable form to HUD must be resolved

Condition

At March 31, 2014, the Authority has not executed a DOT against all public housing property owned by the Authority acquired, developed, maintained, or assisted with funds from the U S Housing Act of 1937

Questioned Costs

None

Context

Total federal awards expended for the Low Rent Public Housing Program were \$367,906 or 8.6% of the total federal awards for the year ended March 31, 2014

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2014-16

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR

Cause

The availability of executed deed documents to facilitate the preparation of the requisite form

Recommendation

We recommend that management file the necessary documents in accordance with 24 CFR part 941 Subpart F

Management's Response and Planned Corrective Action

Management is currently researching with a plan to execute a DOT on or before March 31, 2015

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2014**

Section IV – Status of Prior Year’s Findings and Questioned Costs

Reference Numbers

2013-01 and 2013-13

Condition

Our review of the detail general ledger generated by the Authority revealed the following material deficiencies

- Year end accruals were not reflected in the accounting records prior to the effect of audit work effort and resulting audit adjustments
- Capital assets recorded between the Low Rent and Capital Fund Programs to reflect capital assets and equity transfers were not correctly reported prior to the impact of audit work effort and resulting audit adjustments

Recommendation

Management should continue to revisit with its monthly general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Unresolved See current year’s findings reference numbers 2014-01 and 2014-13

Management concurs with the recommendation and has started the process on a monthly basis

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2013-02 and 2013-14

Condition

Under the Authority’s current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the Authority’s assets

Recommendation

We recommend that management and the Board continue to provide the level of oversight necessary to mitigate the potential risk associated with the current level of segregation of duties

Current Status

Unresolved See current year’s findings reference number 2014-02 and 2014-14

Management concurs with the recommendation and identified options to deal with the staffing and organizational issues

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

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

Reference Number

2013-03

Condition

Currently, the Authority has one (1) consultant on staff working in the capacity of executive director and an employee serving in the capacity as the accountant, who are siblings. Prior to placement as an employee, the accountant had a contract which was executed in April, 2009 by the previous executive director (no relation). The second contract was executed in November, 2010 by the Board of Commissioners of the Authority with a firm owned by a family member related to the previously referenced accountant to manage the activities of the Authority. Further, the Housing Choice Voucher Program section has two siblings as employees with one supervising the other. At September 30, 2013, one of the siblings working in the Section 8 Program has resigned.

Recommendation

The Authority is currently in contact with the Ethics Board regarding this matter.

Current Status

Resolved

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

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

Reference Number

2013-04

Condition

The audited financial statements as of and for the year ended March 31, 2013 were not published by September 30, 2013 (statutory due date)

However, the report was submitted within thirty (30) days of the due date

Recommendation

None

Current Status

Unresolved See current year's finding reference number 2014-03

Management will be hiring a staff accountant within the next sixty (60) days and has taken steps to ensure that internal control process are in place to avoid the late submission of all financial reports

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2013-05

Condition

The Authority’s current payroll practice requires the submission of timesheets by all employees. However, we noted no documented certification in accordance with the requirements of OMB Circular A-87.

Recommendation

Management should revisit with its current practice to facilitate compliance with the requirements regarding payroll certification.

Current Status

Resolved

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Numbers

2013-06

Condition

Our review of sixteen (16) tenant files revealed in two (2) instances where the Form HUD 50058 were submitted outside of the window period

Recommendation

We recommend that management provide staff with the necessary training to ensure the timely submission of all required external reports

Current Status

Unresolved See current year’s findings reference numbers 2014-05 and 2014-07

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

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

Reference Number

2013-07

Condition

No Form HUD 60002 section 3 report was made available for our review in order to ascertain the required report filing and completeness

Recommendation

Revisit with the current practice regarding filing of reports for completeness

Current Status

Unresolved See other matters report reference number OM 2014-04

Submission will be made by the Authority when submission instructions are provided by HUD

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

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

Reference Numbers

2013-08 and 2013-10

Condition

Our review of sixteen (16) tenant files revealed in one (1) instance where documents confirming the tenants position on the waiting list prior to an offer for placement was not on file to support tenancy

Recommendation

Management should provide additional training to staff to ensure the completeness in tenant file maintenance

Current Status

Unresolved See current year's findings reference numbers 2011-08 and 2014-10

Training is being provided on a continuous basis. An operational manual is being developed for the staff, which will be used to managed the day-to-day operation. On going training will also be provided

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2013-09

Condition

In eleven (11) of eleven (11) tenant files reviewed, we noted no written documentation on file to support verification of prior lease violations

Recommendation

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

Current Status

Unresolved See current year’s finding reference number 2014-09

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

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

Reference Number

2013-11

Condition

The result of our review of eleven (11) tenants files revealed, in one (1) instance where the Form HUD 50058 was not submitted on a timely basis

Recommendation

Management should continue to perform periodic sample reviews of tenant files

Current Status

Unresolved See current year's findings reference numbers 2014-05 and 2014-07

Our process is developed to ensure that re-certifications are completed in a timely manner
We will continue to monitor the process

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

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

Reference Number

2013-12

Condition

We were unable to review the Authority's compliance with the filing requirements of Form HUD 52725

Recommendation

We recommend that management continue to re-evaluate its current practice for the submission of all required reports for completeness

Current Status

Resolved

This form was submitted to HUD in a timely manner in February 2014 based on HUD's mandated date

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2014

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

Reference Number

2013-15

Condition

At March 31, 2013, the Authority had cash in excess of \$20,000 in its operating account for the Low Rent Public Housing and Housing Choice Voucher Programs not invested pursuant to PIH-96-33 as amended by PIH-97-41

Recommendation

Management should ensure compliance with PIH-96-33 as amended by PIH-97-41

Current Status

Resolved.

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. Management is in agreement with the content of this report. Those that participated in the conference

HOUSING AUTHORITY OF THE CITY OF SLIDELL

Ms Shelia Danzey*	--	Executive Director
Ms Rolanda Smith	--	Consultant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr Paul K Andoh, Sr, CPA, CGFM, MBA	--	Partner
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*Primary contact for the corrective planned actions



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Society of Louisiana
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Alcide J. Tervalon, Jr. CPA
Waldo J. Moret, Jr. CPA
Paul K. Andoh, Sr. CPA
Joseph A. Akanji, CPA

 (Retired)
Michael B. Bruno, CPA (2011)

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

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

Management of **Housing Authority of the City of Slidell (the Authority)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements as of and for the year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered **the Authority's** internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **the Authority's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Authority's** internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior year's other matters. We previously reported on **the Authority's** internal control in our report dated December 1, 2014. This letter does not affect our report dated December 1, 2014 on **the Authority's** internal control over financial reporting or its financial statements.

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

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

Current Year's Other Matters
2014

The following is a listing of the current year's other matters related to internal control

Reference Number

OM 2014-01

Condition

Our review of employee files for payroll transactions executed during the month of December 2013 (month judgementally selected for testing) revealed the following conditions

- 1 No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll to include the required immigration form (I-9)
- 2 Alignment of leave accrual rates to Civil Service rates which are based on years of service

The condition is similar to prior year findings reference numbers 2011-05, 2011-29, 2010-34, 2010-07, 2009-08 and 2008-08

Recommendation

Management should continue its dialogue with the State to address the necessary Civil Service requirements for all personnel on staff subject to the State Civil Service requirements

Management's Response and Planned Corrective Action

Management concurs with this finding. Continuous training is being held regarding all file and data maintenance. Due to the size of the Authority's staff, it has been difficult to prioritize this function. A thorough assessment of the process will be made and corrected. However, all leave records are aligned with years of services as outlined in our newly approved Personnel Policy.

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

Current Year's Other Matters, Continued
2014

Reference Number

OM 2014-02

Condition

Our review of the tenant accounts receivable activities for the year ended March 31, 2014 revealed the following conditions

- o No systematic process in place to ensure the timely processing of all tenant accounts related transactions utilizing the TENMAST software. This condition ultimately impacts the monthly reconciliation and analysis of rent charges, payments and resulting tenant account receivables
- o Lack of effective communication between the Finance and designated program staff to timely resolve any and all reconciling issues
- o Various tenant receivable transaction reports generated from the TENMAST software system do not align to the manual excel spreadsheet currently utilized to account for tenant account transactions, placement information (move-in/move-out) etc

This condition is similar to a prior year other matter reference number OM 2013-03

Recommendation

We recommend the following

Management should revisit with the current level of communication between the Finance and Low Rent Public Housing Program staff to facilitate timely and consistent application of established procedures to ensure completeness in reported transactions

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

Current Year's Other Matters, Continued
2014

Reference Number, Continued

OM 2014-02

Management's Response and Planned Corrective Action

Management concurs with finding This finding is a result of staff and contractors' need for training and monitoring of their assigned functions As a result of staff turnover, training is being conduct on a weekly basis The Authority is in the process of hiring a staff accountant, in the interim management is conducting monthly reconciliation meetings with program management and accounting and will ensure that the process is continuous

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

Current Year's Other Matters, Continued
2014

Reference Number

OM 2014-03

Condition

Two key employees obtained occupancy of two low income apartment units from January 1, 2006 to August 1, 2008 (see prior year's reference numbers 2007-19 and HUD 08-03)

Recommendation

It is recommend that **the Authority** seek ultimate resolution from HUD

Management's Response and Planned Corrective Action:

Management is working with HUD to resolve this condition

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

Current Year's Other Matters, Continued
2014

Reference Number

OM 2014-04

Condition

The Authority is unable to file its required Form HUD 60002, Section 3 report as required by HUD due to software related issues with HUD's system. HUD has advised the Authority to hold on filing the required report until such time that its system issues are resolved.

Recommendation

None

Management's Response and Planned Corrective Action

Management will submit the report as soon as HUD sends the new instructions for submission.

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

Prior Year's Other Matters
2013

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

Reference Number

OM 2013-01

Condition

Our testing of capital assets at March 31, 2013, revealed instances where the estimated useful lives used as a basis for depreciation on capital assets, appear to be excessive

Recommendation

Management should provide further guidance to staff in the application of estimated useful lives for its capital assets by category. Such an undertaking facilitates the consistent application for financial statement reporting.

Current Status

Resolved

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

Prior Year's Other Matters, Continued
2013

Reference Number

OM 2013-02

Condition

Our review of the tenant accounts receivable activities for the year ended March 31, 2013 revealed the following conditions

- o No systematic process in place to ensure the timely processing of all tenant accounts related transactions utilizing the TENMAST software. This condition ultimately impacts the monthly reconciliation and analysis of rent charges, payments and resulting tenant account receivables
- o Lack of effective communication between the Finance and designated program staff to timely resolve any and all reconciling issues
- o Various tenant receivable transaction reports generated from the TENMAST software system do not align to the manual excel spreadsheet currently utilized to account for tenant account transactions, placement information (move-in/move-out) etc

Recommendation

We recommend the following

- o Management revisit with the current level of communication between the Finance and Low Rent Public Housing Program staff to facilitate timely and consistent application of established procedures to ensure the completeness in reported transactions

Further, staff should be trained in the use of the effective existing TENMAST software to attain the maximum utilization of existing applications

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

Prior Year's Other Matters, Continued
2013

Reference Number, Continued

OM 2013-02

Current Status

Unresolved See the current year's section of this report for other matters reference number
OM 2014-02

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

Prior Year's Other Matters, Continued
2013

Reference Number

OM 2013-03

Condition

The Authority in 2012 implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where the basis for the allocation of cost was other than the established basis.

Recommendation

We recommend that management continue to ensure the accurate capture and allocation of shared costs.

Current Status

Resolved

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

Prior Year's Other Matters, Continued
2013

Reference Number

OM 2013-04

Condition

Currently, the Authority does not have an established practice to ensure the consistent accounting treatment to all forfeited security deposits

Recommendation

Management should require the monthly accounting for all forfeited security deposit transactions between the security deposit account and applicable transfer to the operating account

Further, all move-outs requiring a refund in security deposit held should be recorded timely with the funds transferred from the deposit account to the operating account prior to payment

Current Status

Resolved

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

Prior Year's Other Matters, Continued
2013

Reference Number

OM 2013-05

Condition

Complete personnel files and State Civil Service approvals were not available for all employees to support authorized pay rates, hire dates and job classifications

Recommendation

Management should continue in its efforts to seek the necessary Civil Service approval for all current employee positions

Current Status

Unresolved See current year's other matters section of this report for reference number OM 2014-01

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

The Authority's response to other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" or "Current Status" We did not audit **the Authority's** response and, accordingly, we express no opinion on it

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

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 1, 2014