

**HOUSING AUTHORITY OF
THE CITY OF SLIDELL**

**Basic
Financial Statements and
Supplementary Information**

March 31, 2021



Housing Authority of the City of Slidell

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INDEPENDENT AUDITOR'S 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 business-type activities of the Housing Authority of the City of Slidell (the "Authority"), as of and for the year ended March 31, 2021, 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.

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of March 31, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents 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 the Authority's basic financial statements. The financial data schedule and schedules of program costs and advances ("supplementary information") are presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis as required by the State of Louisiana, and are not a required part of the financial statements of the Authority. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 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 solely 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 the effectiveness of the Authority's 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.

June 30, 2022
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of the Housing Authority of the City of Slidell (the "Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Ms. Shelia Danzey, Housing Authority of the City of Slidell, 1250 Martin Luther King Drive, Slidell, LA 70458.

Financial Points

- The assets of the Authority exceeded the liabilities as of March 31, 2021 by \$6,519,581 (net position).
- The Authority's cash balances as of March 31, 2021 were \$2,217,548 representing an increase of \$416,272.
- The Authority earned revenue from the U.S. Department of Housing and Urban Development ("HUD") of \$4,047,439.
- Public Housing had an occupancy rate of 95.1%.

Overview of Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in the Authority's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any authority, the reader must also consider other non-financial factors such as changes in client household composition, fluctuations in the local economy, HUD mandated program administrative changes and the physical condition of capital assets. The following statements are included:

- **Statement of Net Position** - this statement reports the Authority's assets less its liabilities at the end of the fiscal year. You can think of the Authority's net position as the difference between the Authority's rights (assets) and the Authority's obligations (liabilities).
- **Statement of Revenues, Expenses, and Changes in Net Position** - this statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in the future periods.
- **Statement of Cash Flows** - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). The statement reflects the receipt or disbursement of cash that was obligated to or paid by the Authority in prior periods and subsequently received or paid during the current fiscal year (i.e. receivables and payables).

Overview of Financial Statements (continued)

- Notes to the Basic Financial Statements - the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplementary information. This information is to provide more detail on the Authority's various programs and the required information mandated by regulatory bodies that fund the Authority's various programs.

Financial Analysis

Statement of Net Position

	2021	2020	Net Change
Current assets, net	\$ 3,702,515	\$ 3,421,227	\$ 281,288
Capital assets, net	3,324,093	3,658,928	(334,835)
Total assets	7,026,608	7,080,155	(53,547)
Current liabilities	501,141	318,534	182,607
Other noncurrent liabilities	5,886	7,378	(1,492)
Total liabilities	507,027	325,912	181,115
Net investment in capital assets	3,324,093	3,658,928	(334,835)
Restricted net position	887,573	952,987	(65,414)
Unrestricted net position	2,307,915	2,142,328	165,587
Total net position	\$ 6,519,581	\$ 6,754,243	\$ (234,662)

Net Current Assets increased by \$281,288 primarily due to the increase in cash of \$415,820 offset by a reduction in accounts receivable of \$167,681. The increase in cash was mainly due to a deferred payment of legal fees incurred in fiscal year 2021, but not paid until fiscal year 2022. The reduction in accounts receivable was mainly due to the collection of operating subsidy that was due from HUD.

Net Capital Assets decreased by \$334,835 due to current year depreciation expense.

Current liabilities increased by \$182,607 primarily due to an increase in accounts payable of \$152,330 and an increase in unearned revenues of \$27,749. The accounts payable increase was mainly due to an accrual of legal fees relating to the litigation case with HUD.

Financial Analysis (continued)

Net Position - The difference between an organization's assets and its liabilities is its net position. Net position is categorized into three components.

1. Net investment in capital assets - the Authority's capital assets, net of accumulated depreciation and related debt.
2. Restricted - the component of the Authority's net position which is subject to constraints imposed by law or agreement.
3. Unrestricted - the component of the Authority's net position that is neither invested in capital assets nor restricted which increase principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors.

Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
Operating revenue:			
HUD revenue	\$ 4,047,439	\$ 3,658,145	\$ 389,294
Other revenue, net	<u>1,022,617</u>	<u>1,335,189</u>	<u>(312,572)</u>
Total operating revenue	<u>5,070,056</u>	<u>4,993,334</u>	<u>76,722</u>
Operating expenses:			
Administrative	692,644	632,525	60,119
Tenant services	1,000	1,242	(242)
Utilities	70,169	81,305	(11,136)
Maintenance	109,360	159,229	(49,869)
Protective services	36,270	30,202	6,068
General	186,854	359,743	(172,889)
Depreciation	334,835	366,659	(31,824)
Housing assistance payments	<u>3,874,038</u>	<u>3,868,916</u>	<u>5,122</u>
Total operating expenses	<u>5,305,170</u>	<u>5,499,821</u>	<u>(194,651)</u>
Operating income (loss)	(235,114)	(506,487)	271,373
Nonoperating revenues (expenses)			
Interest income - unrestricted	<u>452</u>	<u>4,662</u>	<u>(4,210)</u>
Change in net position	(234,662)	(501,825)	267,163
Total net position - beginning	<u>6,754,243</u>	<u>7,256,068</u>	<u>(501,825)</u>
Total net position - ending	<u>\$ 6,519,581</u>	<u>\$ 6,754,243</u>	<u>\$ (234,662)</u>

HUD Revenue increased by \$389,294 mainly due to an increase in Housing Choice Voucher funding of \$305,393 due to increased housing assistance payment needs of the Authority.

Other revenue, net decreased by \$312,572 mainly due to a decrease in portability revenue of \$326,593.

Financial Analysis (continued)

Total Operating Expenses decreased by \$194,651. This decrease was primarily due to a decrease in general expenses of \$172,889. General expense decreased mainly due to a one-time tax levy that was expensed in the fiscal year ended 2020. This was an outstanding issue dated back to the 2013 fiscal year end.

Capital Asset and Debt Activity

Net Capital Assets decreased by \$334,835 due to current year depreciation expense. The Authority had no other capital asset activity.

At the end of the fiscal year 2021, the Authority had no long-term debt.

Factors Affecting Next Year's Budget

The Authority is dependent upon HUD for the funding of its Low Rent Public Housing, Housing Choice Voucher and Capital Fund programs; therefore, the Authority is affected by the federal budget. Other portions of the Authority's portfolio, for instance, affordable housing sites and/or third party contract work, are affected more by national and local economic conditions.

Under the terms of its Annual Contributions Contract, the Authority receives operating subsidies from HUD. These amounts have been withheld by the local HUD field office since 2017, leading to a receivable for operating subsidy of \$1,072,361 at March 31, 2021. On July 27, 2021, the Authority reached a settlement agreement in the litigation against HUD. The terms of the agreement stipulated that HUD would remove the zero-threshold status which was imposed, and grant the Authority immediate access to the operating funds which HUD had held since 2017. Additionally, HUD agreed to pay \$20,000 in legal fees to the Authority. Further, HUD agreed to allow the Authority to request an extension of the deadline to obligate Capital Fund grants which were previously held as a result of the zero-threshold status. If and when the Authority were to request such an extension, the agreement stipulates that the request would be received by the Office of the Deputy Assistant Secretary for Public Housing Investments, Capital Programs Division. As of the date of this report, all operating funds previously held by HUD have been received by the Authority, and the \$20,000 lump sum payment for legal fees has been received. The Authority is still working towards receiving its obligated Capital Fund grant funding.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development;
- Local labor supply and demand, which can affect salary and wage rates;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income;
- Inflationary pressure on utility rates, housing costs, supplies and other costs;
- Trends in the current housing market.

Housing Authority of the City of Slidell

STATEMENT OF NET POSITION

March 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 1,199,611
Cash and cash equivalents - restricted	1,017,937
Receivables, net	107,456
Due from HUD	1,218,113
Prepaid expenses	159,398
Total current assets	<u>3,702,515</u>

NONCURRENT ASSETS

Capital assets, net	<u>3,324,093</u>
Total assets	<u>7,026,608</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	362,229
Accrued salaries and benefits	5,090
Accrued compensated absences	3,458
Tenant security deposits	38,961
Unearned revenue	91,403
Total current liabilities	<u>501,141</u>

NONCURRENT LIABILITIES

Accrued compensated absences	<u>5,886</u>
Total liabilities	<u>507,027</u>

NET POSITION

Net investment in capital assets	3,324,093
Restricted	887,573
Unrestricted	<u>2,307,915</u>
Total net position	<u>\$ 6,519,581</u>

The accompanying notes are an integral part of this financial statement.

Housing Authority of the City of Slidell

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended March 31, 2021

OPERATING REVENUES	
HUD operating revenues	\$ 4,047,439
Tenant revenue, net	344,964
Portability revenue	613,999
Other operating revenue	63,654
Total operating revenues	<u>5,070,056</u>
OPERATING EXPENSES	
Administrative	692,644
Tenant services	1,000
Utilities	70,169
Maintenance	109,360
Protective services	36,270
General	186,854
Depreciation	334,835
Housing assistance payments	3,874,038
Total operating expenses	<u>5,305,170</u>
OPERATING LOSS	(235,114)
NONOPERATING REVENUES	
Interest income - unrestricted	452
Change in net position	(234,662)
Total net position - beginning	<u>6,754,243</u>
Total net position - ending	<u>\$ 6,519,581</u>

The accompanying notes are an integral part of this financial statement.

Housing Authority of the City of Slidell

STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Collections from HUD operating grants	\$ 4,338,879
Collections from tenants	340,549
Collections from other sources	608,599
Payments to employees	(180,184)
Payments to suppliers	(817,985)
Housing assistance payments	<u>(3,874,038)</u>
Net cash provided by operating activities	<u>415,820</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>452</u>
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NET INCREASE IN CASH

Cash at beginning of year	<u>1,801,276</u>
Cash at end of year	<u>\$ 2,217,548</u>

AS PRESENTED ON THE ACCOMPANYING STATEMENT OF NET POSITION:

Cash and cash equivalents - unrestricted	\$ 1,199,611
Cash and cash equivalents - restricted - current	<u>1,017,937</u>
	<u>\$ 2,217,548</u>

The accompanying notes are an integral part of this financial statement.

Housing Authority of the City of Slidell

STATEMENT OF CASH FLOWS (continued)

For the year ended March 31, 2021

**RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (235,114)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	334,835
Change in provision for allowance of doubtful accounts	25,210
(Increase) decrease in assets and deferred outflows:	
Receivables	(32,356)
Due from HUD	200,037
Prepaid expenses	(57,909)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	152,330
Accrued salaries and benefits	3,130
Accrued compensated absences	577
Tenant security deposits	(2,669)
Unearned revenue	27,749
Net cash provided by operating activities	<u>\$ 415,820</u>

The accompanying notes are an integral part of this financial statement.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Housing Authority of the City of Slidell (the "Authority") is a political subdivision of the State of Louisiana established on March 11, 1967, pursuant to the laws of the State of Louisiana, to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development ("HUD") and other Federal Agencies. The primary purpose of the Authority is to provide safe, decent, sanitary, and affordable housing to low-income, elderly, and disabled families in Slidell, Louisiana.

The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, *Defining the Financial Reporting Entity*, as the Board independently oversees the Authority's operations.

The definition of the reporting entity as described by GASB Codification Section 2100 is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The Authority's reporting entity is comprised of an enterprise fund which includes the activities of several housing programs.

The Authority is a related organization of the City of Slidell since Commissioners are appointed by the Mayor of the City of Slidell. The City of Slidell is not financially accountable for the Authority as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the City of Slidell. Accordingly, the Authority is not a component unit of the City of Slidell.

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities rely, to a significant extent, on fees and charges for support.

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund net position, revenues and expenditures/expenses.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating activities generally arise from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants and operating grants from the U.S. Department of Housing and Urban Development ("HUD"), and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses. Operating expenses for the Authority include the cost of administrative, tenant services, general, maintenance, utilities, protective services, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, except for capital contributions, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector, thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

For financial reporting purposes, the Authority considers its grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than non-operating activities. Grants associated with capital acquisition and improvements are considered capital contributions and are presented after non-operating activity on the accompanying statement of revenues, expenses and changes in net position. The Authority maintains its accounts in accordance with the chart of accounts prescribed by HUD.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus and basis of accounting (continued)

As provided by GASB Codification Section P80.115, *Proprietary Fund Accounting and Financial Reporting: Defining Operating Expenses*, and related guidance, tenant revenue is reported net of accounts written off in the amount of \$25,210.

4. Summary of HUD programs

The accompanying basic financial statements include the activities of several housing programs subsidized by HUD at the Authority. A summary of each significant program is provided below.

Low Rent Public Housing Programs

The Authority provides housing to eligible families under leasing arrangements. The Authority manages two affordable sites, Washington Heights and Country Gardens Estates. Washington Heights encompasses 75 one, two and three-bedroom units. Country Gardens Estates is for elderly families and consists of 50 one-bedroom units.

The purpose of the public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments/units are acquired, developed and modernized under HUD's Development and Capital Fund programs. Funding of the program operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Housing Assistance Payments ("HAP") Programs

HAP Programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. The Section 8 Housing Choice Voucher program ("HCV") is funded through federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.

5. Budgets

Budgets are prepared on an annual basis for each program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Assets, liabilities and net position

a. *Cash and cash equivalents*

For financial statement purposes cash and cash equivalents are considered to be amounts in demand deposits, interest-bearing demand deposits, and time deposits and other investments with original maturities of three months or less. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

b. *Receivables and amounts due from HUD*

Receivables, net consist of revenues earned at year-end and not yet collected. Amounts presented as due from HUD principally result from grant revenue being accrued for allowable program expenses not yet funded. Other receivables consist of tenant receivables, portability receivables for the housing assistance payments programs and receivables from various parties in the normal course of business. An allowance for uncollectible amounts is estimated by management based on historical collection experience and a review of the current status of accounts receivable (see Note B-2).

c. *Prepaid items*

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items on the Authority's statement of net position.

d. *Capital assets*

The Authority's policy is to capitalize assets with a value in excess of \$5,000 and a useful life in excess of two years. The Authority capitalizes the costs of site acquisition and improvement, structures, infrastructure, equipment and direct development costs meeting the capitalization policy. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at fair value on the date contributed. When land, buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Assets, liabilities and net position (continued)

d. *Capital assets (continued)*

Depreciation has been provided using the straight-line method over the estimated useful lives, which range as follows:

Buildings and improvements	15 - 40 years
Equipment - dwelling and administration	3 - 7 years

e. *Tenant security deposits*

Tenant security deposits are deposits held by the Authority that are required of tenants before they are allowed to move into an Authority owned site. The Authority records this cash as restricted, with an offsetting liability, as these funds may be reimbursable to the tenant when they move out.

f. *Accrued compensated absences*

Compensated absences are those absences for which employees will be paid, such as annual vacation and sick leave. A liability for compensated absences for annual/vacation leave that is attributable to services already rendered and that is not contingent on a specific event, outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place. In accordance with the provisions of GASB Codification Section C60, *Compensated Absences*, the estimated liability for vested leave benefits is recorded when it is earned as an expense and the cumulative unpaid amount is reported as a liability.

g. *Unearned revenues*

Unearned revenues include amounts collected before revenue recognition criteria are met and generally consist of prepaid tenant rents and subsidy received before the amounts are earned.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Assets, liabilities and net position (continued)

h. Eliminations

For financial reporting purposes, certain amounts are internal and are therefore eliminated in the accompanying financial statements. In the normal course of operations, certain programs may pay for common costs or advance funds for operations that create interprogram receivables or payables. The interprogram receivables and payables net to zero and as of March 31, 2021, \$153,152 is eliminated for the presentation of the Authority as a whole.

i. Net position

In accordance with GASB Codification Section 1800.155, *Reporting Net Position in Government-Wide Financial Statements*, total equity as of March 31, 2021, is classified into three components of net position:

i.) Net investment in capital assets

This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

ii.) Restricted component of net position

This category consists of components of net position restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The statement of net position of the Authority reports \$877,573 of restricted net position which consists of cash restricted for modernization and development of \$699,123 and HCV HAP reserves of \$188,450 (see Note B-1).

iii.) Unrestricted component of net position

This category includes all of the remaining net position that does not meet the definition of the other two components. Certain amounts of unrestricted net position, even though categorized as unrestricted in accordance with generally accepted accounting standards, are still programmatically restricted based on the funding streams provided by HUD.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Use of 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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Income taxes

The Authority is a governmental entity and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the financial statements.

9. Impairment of long-lived assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally are measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. Management has determined that long-lived assets were not impaired at March 31, 2021.

10. Impact of recently issued accounting policies

In June 2017, the GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting. This statement is effective for the Authority's March 31, 2023 fiscal year end.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for the Authority's March 31, 2024 fiscal year end.

Management is currently evaluating the impact of the adoption of these statements on the Authority's financial statements.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Financial data schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The schedule's format presents certain operating items as non-operating such as depreciation expense, housing assistance payments and extraordinary maintenance expense. In addition, the schedule's format includes non-operating items as operating such as investment revenue, HUD capital grants revenue, gains and losses on the disposal of fixed assets and interest expense. Furthermore, the schedule reflects tenant revenue and bad debt expense separately.

12. Leasing activities

The Authority is the lessor of dwelling units to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue. Primarily all of the capital assets of the Authority are for these leasing activities except for administrative offices and equipment.

NOTE B - DETAILED NOTES

1. Deposits and investments

As of March 31, 2021, the Authority's cash consist of cash accounts with carrying amounts of \$2,217,548.

In accordance with GASB Codification Section C20, *Cash Deposits with Financial Institutions*, the Authority's exposure to deposit and investments risk is disclosed as follows:

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does have a deposit policy for custodial credit risk, which requires collateral to be held in the Authority's name by its agent or by the bank's trust department. As of March 31, 2021, none of the Authority's bank balance was exposed to custodial credit risk.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE B - DETAILED NOTES (continued)

1. Deposits and investments (continued)

Restricted deposits

The classification of restricted cash as noncurrent is based on the estimated time frame of payment of the associated liability. As of March 31, 2021 restricted cash and cash equivalents consist of the following:

Current:	
HCV HAP reserves	\$ 188,450
HCV CARES Act funding	91,403
Modernization and development	699,123
Tenant security deposits	<u>38,961</u>
Total restricted cash	<u><u>\$ 1,017,937</u></u>

2. Receivables

As of March 31, 2021, receivables, net consist of:

Portability receivables	\$ 76,470
Tenant receivables	56,056
Miscellaneous	<u>140</u>
Total receivables	132,666
Allowance for doubtful accounts - tenants	<u>(25,210)</u>
	<u><u>\$ 107,456</u></u>

3. Due from HUD

As of March 31, 2021, due from HUD consists of:

Operating subsidy	\$ 1,072,361
Capital fund	106,371
Public Housing Cares Act	<u>39,381</u>
Total due from HUD	<u><u>\$ 1,218,113</u></u>

The operating subsidy amount due from HUD consists of subsidy amounts earned by the Authority through its Annual Contributions Contract ("ACC") with HUD that have been earned but not yet received. As of March 31, 2021, the amounts not yet received consist of the ACC subsidy for the calendar years 2018, 2019, 2020 and 2021. Subsequent to year end, the Authority reached a settlement with HUD. As of the date of this report, these amounts have been received (see Note B-9).

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE B - DETAILED NOTES (continued)

4. Capital assets, net

A summary of changes in capital assets, net is as follows:

	Balance at April 1, 2020	Transfers in/ Additions	Transfers out/ Deletions	Balance at March 31, 2021
Non-depreciable:				
Land	\$ 779,855	\$ -	\$ -	\$ 779,855
Depreciated:				
Buildings and improvements	8,953,336	-	-	8,953,336
Equipment - dwelling	415,456	-	-	415,456
Equipment - administration	215,379	-	-	215,379
Total depreciated	9,584,171	-	-	9,584,171
Total capital assets	10,364,026	-	-	10,364,026
Less accumulated depreciation				
Buildings and improvements	(6,132,221)	(319,826)	-	(6,452,047)
Equipment - dwelling	(397,154)	(5,703)	-	(402,857)
Equipment - administration	(175,723)	(9,306)	-	(185,029)
Total accumulated depreciation	(6,705,098)	(334,835)	-	(7,039,933)
Capital assets, net	<u>\$ 3,658,928</u>	<u>\$ (334,835)</u>	<u>\$ -</u>	<u>\$ 3,324,093</u>

5. Noncurrent liabilities

A summary of changes in noncurrent liabilities is as follows:

	Payable at April 1, 2020	Additions	Reductions	Payable at March 31, 2021	Current portion
Compensated absences	\$ 8,767	\$ 5,660	\$ (5,083)	\$ 9,344	\$ 3,458

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE B - DETAILED NOTES (continued)

6. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of the Authority's risk management program, The Authority carries commercial insurance, for risks of loss regarding workers' compensation, employee health and general liability.

7. Commitments and contingencies

a. *Legal*

Generally, the Authority is party to various pending or threatened legal actions arising from the normal course of operations. As of the date of this report, management is not aware of any such instances.

b. *Grants and contracts*

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. As of the date of this report, management is not aware of any such examinations.

c. *Funds awarded*

The Authority received funding from HUD through the Capital Fund program to help subsidize the cost of project repairs, improvements and certain operating costs. As of March 31, 2021, the Authority had unspent awards of \$798,877 for Capital Fund program, \$91,403 for Housing Choice Voucher CARES Act and \$20,445 for the Public Housing CARES Act.

8. Concentrations

As of and for the year ended March 31, 2021, 79% of revenues and 92% of the receivables reflected in the basic financial statements are from HUD.

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes. In addition, any excess reserves may reduce future funding levels and possibly be subject to recapture.

Housing Authority of the City of Slidell
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended March 31, 2021

NOTE B - DETAILED NOTES (continued)

9. Subsequent events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 30, 2022, the date the financial statements were available to be issued and, aside from the item noted below, has determined that no material events occurred that would require disclosure.

In July 2021, the Authority reached a settlement on the litigation with HUD. The terms of the agreement stipulated that HUD would remove the zero-threshold status which was imposed, and grant the Authority immediate access to the operating funds which HUD had held since 2017. As of the date of this report, all operating subsidy amounts that had been earned by the Authority since calendar year 2018 have been received (see Note B-3).

SUPPLEMENTARY INFORMATION

Housing Authority of the City of Slidell

FINANCIAL DATA SCHEDULE

For the year ended March 31, 2021

PHA: LA103 FYED: 03/31/2021								
Line Item No.	Account Description	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Public Housing CARES Act Funding 14.PHC	Section 8 Housing Choice Voucher Program 14.871	HCV CARES Act Funding 14.HCC	Eliminations	Total
111	Cash - Unrestricted	1,186,771	-	-	12,840	-	-	1,199,611
112	Cash - Restricted - Modernization and Development	699,123	-	-	-	-	-	699,123
113	Cash - Other Restricted	-	-	-	188,450	91,403	-	279,853
114	Cash - Tenant Security Deposits	38,961	-	-	-	-	-	38,961
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	-
100	Total Cash	1,924,855	-	-	201,290	91,403	-	2,217,548
121	Accounts Receivable - PHA Projects	-	-	-	76,470	-	-	76,470
122	Accounts Receivable - HUD	1,178,732	-	39,381	-	-	-	1,218,113
125	Accounts Receivable - Miscellaneous	140	-	-	-	-	-	140
126	Accounts Receivable - Tenants Dwelling Rents	56,056	-	-	-	-	-	56,056
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(25,210)	-	-	-	-	-	(25,210)
120	Total Receivables, net of allowances for doubtful accounts	1,209,718	-	39,381	76,470	-	-	1,325,569
142	Prepaid Expenses and Other Assets	155,846	-	-	3,552	-	-	159,398
144	Interprogram due from	153,152	-	-	-	-	(153,152)	-
150	Total Current Assets	3,443,571	-	39,381	281,312	91,403	(153,152)	3,702,515
161	Land	779,855	-	-	-	-	-	779,855
162	Buildings	8,953,336	-	-	-	-	-	8,953,336
163	Furniture, Equipment & Machinery - Dwellings	415,456	-	-	-	-	-	415,456
164	Furniture, Equipment & Machinery - Administration	195,269	-	-	20,110	-	-	215,379
166	Accumulated Depreciation	(7,019,823)	-	-	(20,110)	-	-	(7,039,933)
160	Total Fixed Assets, Net of Accumulated Depreciation	3,324,093	-	-	-	-	-	3,324,093
180	Total Non-Current Assets	3,324,093	-	-	-	-	-	3,324,093
190	Total Assets	6,767,664	-	39,381	281,312	91,403	(153,152)	7,026,608
200	Deferred outflows of resources	-	-	-	-	-	-	-
290	Total Assets and Deferred Outflows of Resources	6,767,664	-	39,381	281,312	91,403	(153,152)	7,026,608

See independent auditor's report

Housing Authority of the City of Slidell

FINANCIAL DATA SCHEDULE

For the year ended March 31, 2021

PHA: LA103 FYED: 03/31/2021

Line Item No.	Account Description	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Public Housing CARES Act Funding 14.PHC	Section 8 Housing Choice Voucher Program 14.871	HCV CARES Act Funding 14.HCC	Eliminations	Total
311	Bank overdrafts	-	-	-	-	-	-	-
312	Accounts Payable <= 90 Days	335,460	-	-	26,769	-	-	362,229
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	3,979	-	-	1,111	-	-	5,090
322	Accrued Compensated Absences	2,069	-	-	1,389	-	-	3,458
341	Tenant Security Deposits	38,961	-	-	-	-	-	38,961
342	Unearned Revenues	-	-	-	-	91,403	-	91,403
347	Interprogram Due To	-	-	39,381	113,771	-	(153,152)	-
310	Total Current Liabilities	380,469	-	39,381	143,040	91,403	(153,152)	501,141
354	Accrued compensated Absenses - Non Current	3,107	-	-	2,779	-	-	5,886
350	Total Noncurrent Liabilities	3,107	-	-	2,779	-	-	5,886
300	Total Liabilities	383,576	-	39,381	145,819	91,403	(153,152)	507,027
400	Deferred Inflows of resources	-	-	-	-	-	-	-
508.4	Net investment in capital assets	3,324,093	-	-	-	-	-	3,324,093
511.4	Restricted net position	699,123	-	-	188,450	-	-	887,573
512.4	Unrestricted net position	2,360,872	-	-	(52,957)	-	-	2,307,915
513	Total Equity	6,384,088	-	-	135,493	-	-	6,519,581
600	Total Liabilities, Deferred inflows of Resources and Equity	6,767,664	-	39,381	281,312	91,403	(153,152)	7,026,608

See independent auditor's report

Housing Authority of the City of Slidell

FINANCIAL DATA SCHEDULE

For the year ended March 31, 2021

PHA: LA103 FYED: 03/31/2021								
Line Item No.	Account Description	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Public Housing CARES Act Funding 14.PHC	Section 8 Housing Choice Voucher Program 14.871	HCV CARES Act Funding 14.HCC	Eliminations	Total
70300	Net Tenant Rental Revenue	354,770	-	-	-	-	-	354,770
70400	Tenant Revenue - Other	15,404	-	-	-	-	-	15,404
70500	Total Tenant Revenue	370,174	-	-	-	-	-	370,174
70600	HUD PHA Grants	391,998	25,193	39,381	3,547,223	43,644	-	4,047,439
70610	HUD PHA Capital Grants	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	413	-	-	39	-	-	452
71500	Other revenue	-	-	-	677,653	-	-	677,653
70000	Total Revenue	762,585	25,193	39,381	4,224,915	43,644	-	5,095,718
91100	Administrative Salaries	40,682	-	29,156	37,209	40,039	-	147,286
91200	Auditing Fees	13,000	-	-	13,000	-	-	26,000
91500	Employee Benefit Contributions - Administrative	10,283	-	-	9,678	-	-	19,961
91600	Office Expenses	82,826	-	4,890	106,001	3,605	-	197,322
91700	Legal Expense	297,659	-	-	2,756	-	-	300,415
91900	Other	1,660	-	-	-	-	-	1,660
92000	Asset Management Fee	-	-	-	-	-	-	-
92400	Tenant Services - Other	1,000	-	-	-	-	-	1,000
93100	Water	28,384	-	-	975	-	-	29,359
93200	Electricity	11,369	-	-	2,334	-	-	13,703
93800	Other utilities expense	26,570	-	-	537	-	-	27,107
94100	Ordinary Maintenance and Operations - Labor	6,692	-	4,292	-	-	-	10,984
94200	OMO - Materials and Other	12,248	-	1,043	-	-	-	13,291
94300	Ordinary Maintenance and Operations - Contract Costs	84,675	-	-	410	-	-	85,085
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	36,135	-	-	-	-	-	36,135
95300	Protective Services - Other	135	-	-	-	-	-	135
96100	Insurance Premiums	-	-	-	-	-	-	-
96110	Property Insurance	155,839	-	-	7,808	-	-	163,647
96120	Liability Insurance	4,401	-	-	4,401	-	-	8,802

See independent auditor's report

Housing Authority of the City of Slidell

FINANCIAL DATA SCHEDULE

For the year ended March 31, 2021

PHA: LA103 FYED: 03/31/2021								
Line Item No.	Account Description	Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Public Housing CARES Act Funding 14.PHC	Section 8 Housing Choice Voucher Program 14.871	HCV CARES Act Funding 14.HCC	Eliminations	Total
96130	Workmen's Compensation	4,879	-	-	3,681	-	-	8,560
96140	All Other Insurance	-	-	-	-	-	-	-
96200	Other General Expenses	-	-	-	185	-	-	185
96210	Compensated Absences	2,830	-	-	2,830	-	-	5,660
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	25,210	-	-	-	-	-	25,210
96900	Total Operating Expenses	846,677	-	39,381	191,805	43,644	-	1,121,507
97000	Excess Operating Revenue over Operating Expenses	(84,092)	25,193	-	4,033,110	-	-	3,974,211
97100	Extraordinary Maintenance	-	-	-	-	-	-	-
97200	Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	-	-	3,238,375	-	-	3,238,375
97350	HAP Portability-in	-	-	-	635,663	-	-	635,663
97400	Depreciation Expense	334,835	-	-	-	-	-	334,835
90000	Total Expenses	1,181,512	-	39,381	4,065,843	43,644	-	5,330,380
10010	Operating transfers in	25,193	-	-	-	-	(25,193)	-
10020	Operating transfers out	-	(25,193)	-	-	-	25,193	-
10100	Total other financing sources (Uses)	25,193	(25,193)	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(393,734)	-	-	159,072	-	-	(234,662)
11020	Required annual debt principal payment	-	-	-	-	-	-	-
11030	Beginning Equity	6,777,822	-	-	(23,579)	-	-	6,754,243
11040	Total Prior Period Adjustments, Equity transfer and correction of errors	-	-	-	-	-	-	-
11190	Unit Months Available	1,476	-	-	7,344	-	-	8,820
11210	Number of Unit Months Leased	1,404	-	-	5,220	-	-	6,624
11170	Administrative Fee Equity	-	-	-	(52,957)	-	-	(52,957)
11180	Housing Assistance Payments Equity	-	-	-	188,450	-	-	188,450
11270	Excess Cash	2,137,577	-	-	-	-	-	2,137,577

See independent auditor's report

Housing Authority of the City of Slidell

SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

March 31, 2021

PROGRAM	501-17	501-18	501-19	501-20	Total
BUDGET	<u>\$ 140,051</u>	<u>\$ 215,805</u>	<u>\$ 225,704</u>	<u>\$ 242,510</u>	<u>\$ 824,070</u>
ADVANCES					
Cash receipts - prior years	\$ -	\$ -	\$ -	\$ -	\$ -
Cash receipts - current year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative as of March 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
COSTS					
Prior years	81,178	-	-	-	81,178
Current year	<u>25,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,193</u>
Cumulative as of March 31, 2021	<u>106,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,371</u>
RECEIVABLE DUE FROM HUD	<u>\$ 106,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,371</u>
SOFT COSTS					
Prior years	\$ -	\$ -	\$ -	\$ -	\$ -
Current year	<u>25,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,193</u>
Cumulative as of March 31, 2021	<u>25,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,193</u>
HARD COSTS					
Prior years	-	-	-	-	-
Current year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative as of March 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CUMULATIVE HARD AND SOFT COSTS	<u>\$ 25,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,193</u>

See independent auditor's report.

Housing Authority of the City of Slidell

SCHEDULE OF CARES ACT FUND PROGRAM COSTS AND ADVANCES

March 31, 2021

PROGRAM	PH CARES	HCV CARES
BUDGET	<u>\$ 59,826</u>	<u>\$ 135,047</u>
ADVANCES		
Cash receipts - prior years	\$ -	\$ -
Cash receipts - current year	-	135,047
Cumulative as of March 31, 2021	-	135,047
COSTS		
Prior years	-	-
Current year	39,381	43,644
Cumulative as of March 31, 2021	39,381	43,644
DUE FROM HUD (UNSPENT ADVANCES)	<u>\$ 39,381</u>	<u>\$ (91,403)</u>

See independent auditor's report.

Housing Authority of Slidell

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

For the year ended March 31, 2021

Agency Head Name: Shelia J. Danzey
Executive Director of the Housing Authority of the City of Slidell

Purpose	Amount
Salary	\$ 75,000
Benefits-insurance	\$ -
Benefits-retirement	\$ 12,500
Benefits-deferred comp	\$ -
Car allowance	\$ -
Vehicle provided by government	\$ -
Per diem	\$ -
Reimbursements	\$ 2,433
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ -
Continuing professional education fees	\$ -
Housing	\$ -
Unvouchered expenses	\$ -
Special meals	\$ -

See independent auditor's report.

SINGLE AUDIT INFORMATION

Housing Authority of the City of Slidell

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended March 31, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures
<u>Direct from the U.S. Department of Housing and Urban</u>		
<u>Development:</u>		
Housing Voucher Cluster:		
Section 8 Housing Choice Voucher Program	14.871	\$ 3,547,223
COVID-19 - Section 8 Housing Choice Voucher Program	14.871	43,644
Housing Voucher Cluster Total		\$ 3,590,867
Public and Indian Housing	14.850	391,998
COVID-19 - Public and Indian Housing	14.850	39,381
Public and Indian Housing Total		431,379
Public Housing Capital Fund Program	14.872	25,193
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 4,047,439

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and local assistance includes federal grant activity of the Housing Authority of the City of Slidell and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Housing Choice Voucher Program, CFDA No. 14.871, to be considered an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD.

NOTE 2 - INDIRECT COST RATE

The Authority did not elect to use the 10-percent de minimis indirect cost rate.

NOTE 3 - SUB-RECIPIENTS

During the year ended March 31, 2021, the Authority had no sub-recipients.

NOTE 4 - NONCASH ASSISTANCE AND OTHER

The Authority did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended March 31, 2021.

NOTE 5 - CARES ACT FUNDING

The Authority was awarded \$194,873 of CARES Act funding for the Housing Choice Voucher and Public Housing programs. Of this amount, \$111,848 remains unspent as of the year ended March 31, 2021.

See independent auditor's report.



INDEPENDENT AUDITOR'S 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 the 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, the financial statements of the business-type activities of Housing Authority of the City of Slidell (the "Authority"), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 30, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

June 30, 2022
Melbourne, Florida

Berman Hopkins Wright & Latham
CPAs and Associates, LLP



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

Board of Commissioners
Housing Authority of the City of 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 *OMB 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, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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 referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

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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 program for the year ended March 31, 2021.

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 referred to above. 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 the Uniform Guidance, 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.

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

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

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

June 30, 2022
Melbourne, Florida

*Berman Hopkins Wright & LaHam
CPAs and Associates, LLP*

Housing Authority of the City of Slidell

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2021

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency identified? **None Reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiency identified? **None reported**

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

The program tested as a major program is as follows:

Housing Voucher Cluster

The threshold for distinguishing types A and B programs was **\$750,000**.

Did the auditee qualify as a low-risk auditee? **No**.

B. FINDINGS AND QUESTIONED COSTS - FINANCIAL STATEMENTS AUDIT

None.

C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

Housing Authority of the City of Slidell

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

March 31, 2021

2020-001 Financial Reporting - Capital Asset Depreciation Schedules

Material Weakness in Internal Control

Condition: In the review of property and equipment depreciation schedules, it was noted that there were several errors in the spreadsheet used to track fixed assets and accumulated depreciation.

Auditor recommendations: The Authority should be wary of using spreadsheets for the tracking of significant estimates to the financial statements. When spreadsheets are used, they should be subjected to increased scrutiny, and they should be reviewed and reconciled to the general ledger on a regular basis.

Current Year Status: Cleared.

2020-002 Failure to Submit Timely Operating Budgets

Material Weakness in Internal Control

Condition: The Authority's budget for the 2020 fiscal year was approved by the board of directors on June 25, 2019, which was several months after the fiscal year began.

Auditor recommendations: The Board of Commissioners and management should put additional policies and procedures in place to ensure that their budget is approved and submitted in a timely manner to HUD.

Current Year Status: Cleared.

2020-003 Board Meetings

Significant Deficiency in Internal Control

Condition: The Authority's board of commissioners did not conduct three monthly meetings during the year.

Auditor recommendations: The Board of Commissioners should meet at least monthly, in accordance with its bylaws.

Current Year Status: Cleared.

Housing Authority of the City of Slidell

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (continued)

March 31, 2021

2020-004 Eligibility - Housing Choice Voucher Program

Material Weakness in Internal Control

Condition: The Authority does not have a financial management system that ensures that clients are eligible for HCV program funds. In addition, the Authority does not maintain adequate oversight or control of the case managers responsible for program management. For example:

- Client files were missing required documentation for compliance and control testing over the eligibility compliance requirement. Of the total sample of 60 client files, the auditors performed testing over a sub-sample of 12 client files to determine a baseline for testing. Of those 12 files, the following missing documentation was noted that impacted the ability to test the compliance requirements:
 - For 2 out of 12 client files, recertifications were not completed timely and documented in the annual period including verification of income
 - In several client files selected for testing under the Housing Choice Voucher program, it was noted that placeholder emails from the Authority's case managers requesting post-dated signed contracts from clients and landlords that specifically mentioned the audit.

Auditor recommendations: The Board of Commissioners and management should put policies and procedures in place to ensure that oversight over the Section 8 Housing Choice Voucher Program is properly administered.

Current Year Status: Cleared.

2020-005 Reporting - VMS and Federal Audit Clearinghouse Submission

Material Weakness in Internal Control

Condition: The Authority failed to timely submit certain required reporting for the Housing Choice Voucher program. For example:

- 1 of 4 Voucher Management Systems (VMS) reports were not filed timely.
- The Authority's March 31, 2019 single audit was received by the Federal Auditing Clearinghouse on July 17, 2020, seven months after the required due date. The Authority's March 31, 2018 single audit was not received by the Federal Auditing Clearinghouse.

Auditor recommendations: The Board of Commissioners and management should ensure that sufficient resources are provided to federal award programs to facilitate timely filings.

Current Year Status: Cleared.