

HOUSING AUTHORITY OF THE CITY OF SLIDELL

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

FOR THE YEAR ENDED MARCH 31, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
STATEMENT OF NET POSITION--ENTERPRISE FUND MARCH 31, 2019	16
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2019	17
STATEMENT OF CASH FLOWS--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2019	18
NOTES TO THE FINANCIAL STATEMENTS	20
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information	34
EXHIBIT I - Combining Statement of Net Position--Enterprise Fund March 31, 2019	36
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Net Position--Enterprise Fund For the Year Ended March 31, 2019	37
SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2019	39
SCHEDULE II - Financial Data Schedule - Combining Balance Sheet March 31, 2019	40
SCHEDULE III - Financial Data Schedule - Combining Income Statement For the Year Ended March 31, 2019	44

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
SCHEDULE IV - Statement of Capital Fund Program Costs (Incomplete) From Inception through March 31, 2019	49
SCHEDULE V - Schedule of Compensation, Benefits, and Other Payments to the Executive Director For the Year Ended March 31, 2019	50
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	51
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i>	55
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2019:	
Section I - Summary of Auditors' Results	60
Section II - Financial Statement Findings and Questioned Costs	62
Section III - Federal Award Findings and Questioned Costs	67
Section IV - Status of Prior Year's Audit Findings and Questioned Costs	87
Section V - HUD Compliance Monitoring and Review Report	122
EXIT CONFERENCE	123



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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, 2019, 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

Auditors' 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 Slidell
Slidell, 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 15 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 Slidell'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 previously referred to present fairly, in all material respects, the respective financial position of the enterprise fund of **the Authority**, as of March 31, 2019, 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 September 28, 2019 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

September 28, 2019

**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, 2019 and 2018. 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 \$7,086,723 and \$6,972,644 at March 31, 2019 and 2018 (*net position*). Of these amounts, \$2,203,928 and \$1,993,868 at March 31, 2019 and 2018 (*unrestricted net position*) may be used to meet **the Authority's** ongoing obligations to citizens and creditors.

Restricted net position were \$1,086,549 and \$842,971 at March 31, 2019 and 2018.

The Authority's enterprise fund reported net position of \$7,086,723 and \$6,972,644 at March 31, 2019 and 2018 reflect an increase in 2019 and a decrease in 2018 in net position respectively of \$114,079 and \$386,136 (net of a prior period adjustments of \$-0- (2019) and \$71,328 (2018), at March 31, 2019 and 2018, 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 \$369,821 and \$313,146 for the years ended March 31, 2019 and 2018 respectively. This increase in rental income for 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 18.10% increase from 2018 to 2019 and a 8.9% increase from 2017 to 2018. Operating grants to include administrative fees earned were \$3,955,643 in 2019 and \$3,711,545 in 2018. Capital contribution were \$-0- in 2019 and \$-0- in 2018 with non-operating revenues of \$880,187 in 2019 and \$737,031 in 2018.

Total operating expenses for the years ended March 31, 2019 and 2018 were \$5,091,572 and \$5,219,186, respectively.

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 83% in 2019 and 85% in 2018, respectively of **the Authority's** total revenues. Non-operating revenues for the years ended March 31, 2019 and 2018 were 17% and 15%, 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.

The Authority has 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 2019 and 2018? The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in 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 method 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 positions were \$7,086,723 and \$6,972,644 at March 31, 2019 and 2018, respectively. Of this amount, \$2,203,928 and \$1,993,868 were unrestricted. The unrestricted net positions of the Authority are available for future use to provide program services. Restricted net positions were \$1,026,549 and \$842,971 at March 31, 2019 and 2018, respectively.

**Table 1
Condensed Statement of Net Position**

The following table represents a condensed Statement of Net Position as of March 31, 2019 and 2018:

Condensed Statement of Net Position		
March 31		
<u>Assets</u>		
	<u>2019</u>	<u>2018</u>
Current assets	\$3,431,635	\$3,046,079
Capital assets, net	<u>3,856,246</u>	<u>4,135,805</u>
Total assets	<u>7,287,881</u>	<u>7,181,884</u>
<u>Liabilities</u>		
Current liabilities	195,412	205,056
Noncurrent liabilities	<u>5,746</u>	<u>4,184</u>
Total liabilities	<u>201,158</u>	<u>209,240</u>
<u>Net Position</u>		
Net position:		
Net investment in capital assets	3,856,246	4,135,805
Restricted	1,026,549	842,971
Unrestricted	<u>2,203,928</u>	<u>1,993,868</u>
Total net position	<u>\$7,086,723</u>	<u>\$6,972,644</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 Net Position for the years ended March 31, 2019 and 2018:

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

	<u>2019</u>	<u>2018</u>
Revenues:		
Operating revenues	\$ <u>4,325,464</u>	\$ <u>4,024,691</u>
Total operating revenues	<u>4,325,464</u>	<u>4,024,691</u>
Expenses:		
Operating expenses	<u>5,091,572</u>	<u>5,219,186</u>
Total operating expenses	<u>5,091,572</u>	<u>5,219,186</u>
Operating loss	<u>(766,108)</u>	<u>(1,194,495)</u>
Non-operating revenues:		
Non-operating revenues	<u>880,187</u>	<u>737,031</u>
Total non-operating revenues	<u>880,187</u>	<u>737,031</u>
Change in net position	114,079	(457,464)
Beginning net position, as restated	<u>6,972,644</u>	<u>7,430,108</u>
Ending net position	\$ <u>7,086,723</u>	\$ <u>6,972,644</u>

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

EXPLANATIONS OF FINANCIAL ANALYSIS

Overall, net position increased by 16% from 2018 to 2019 and 5% from 2017 to 2018, respectively.

Non-operating revenues increased by 19% in 2019 and 93% in 2018 due to the increase in portability activity during 2019 and 2018. Capital contributions was \$-0- in 2019 and decreased by 100% in 2018, respectively due in part to the level of funding from HUD.

Compared with prior fiscal year, total operating, capital contribution and non-operating revenues in 2019, increased by \$443,929 or 9% from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$313,146 in 2018 to \$369,821 in 2019 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 Country Garden location.
- Operating grants earned from HUD for the Low Rent Public Housing and Housing Choice Voucher Programs decreased from \$3,711,545 in 2018, to \$3,649,389 in 2019 due primarily to the level of leased-up in the Voucher Program impacting its earned grant.
- Capital funds for modernization of projects received were \$-0- for 2019 and 2018, respectively. Currently all obligated capital funds are on hold by HUD.
- Non-operating revenues increased from \$737,031 in 2018 to \$880,187 in 2019 as a result of the level of portability activities.

Compared to the prior fiscal year, total operating expenses decreased from \$5,219,186 for the year ended March 31, 2018 to \$5,091,572 in 2019, primarily as a result of a decrease in the level of leased-up for the Housing Choice Voucher Program and cost containment measures.

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

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

Reasons for most of these changes are listed below:

- Net decrease in the level of housing assistance payments to landlords from \$3,016,830 in 2018 to \$2,896,309 in 2019 with a corresponding increase in portability activities from \$703,356 in 2018 to \$873,635 in 2019.
- Other significant changes were in the areas of contractual services (specifically maintenance repairs related to the physical units and administrative contracts) and depreciation expense.

Compared with prior fiscal year, total operating, capital contribution and non-operating revenues in 2018, increased by \$403,527 or 9.25% from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$287,474 in 2017 to \$313,146 in 2018 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 Country Garden location.
- Operating grants from HUD for the Low Rent Public Housing and Housing Choice Voucher Programs increased from \$3,689,168 in 2017 to \$3,711,545 in 2018, due primarily to the level of leased-up in the Voucher Program impacting its earned grant.
- Capital funds for modernization of projects decreased from \$2,034 in 2017 to \$-0- in 2018, as a result of funding availability from HUD.
- Non-operating revenues increased from \$381,553 in 2017 to \$737,031 in 2018 as a result of the level of portability activities.

Compared to the prior fiscal year, total operating expenses increased from \$4,887,382 for the year ended March 31, 2017 to \$5,219,186 in 2018, primarily as a result of an increase in the level of portability leased-up for the Housing Choice Voucher Program.

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

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

Reasons for most of these changes are listed below:

- Net decrease in the level of housing assistance payments to landlords from \$3,144,945 in 2017 to \$3,016,830 in 2018 with a corresponding increase in portability activities from \$345,548 in 2017 to \$703,356 in 2018.
- Other significant changes were in the areas of contractual services (specifically maintenance repairs related to the physical units and administrative contracts) and depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2019 and 2018, **the Authority** had \$3,856,246 and \$4,135,805 invested in a broad range of capital assets, including land, buildings and building improvements. This amount represents a net decrease (including additions, deductions, adjustments and depreciation) of \$279,559 and \$330,708, respectively.

Capital Assets, Net		
March 31		
	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 779,855	\$ 779,855
Buildings and building improvements	8,953,336	8,953,336
Furniture and equipment	612,654	585,319
Automobile	<u>18,181</u>	<u>18,181</u>
	10,364,026	10,336,691
Less accumulated depreciation expense	<u>(6,507,780)</u>	<u>(6,200,886)</u>
Total	<u>\$ 3,856,246</u>	<u>\$ 4,135,805</u>

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

CAPITAL ASSET AND DEBT ADMINISTRATION, CONTINUED

The net change in capital assets of 6.8% was primarily due to the effects of depreciation expense, adjustments 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, 2019 and 2018.

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, 2020 have been approval 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, 2019

ASSETS

Current assets:	
Cash (NOTES 5 and 6)	\$1,085,411
Restricted cash (NOTES 5 and 6)	1,068,274
Amounts receivable (NOTE 2)	1,144,156
Investment (NOTES 11 and 16)	16,107
Prepaid item (NOTE 3)	<u>117,687</u>
Total current assets	<u>3,431,635</u>
Non-current assets:	
Capital assets, net (NOTES 4 and 12)	<u>3,856,246</u>
Total non-current assets	<u>3,856,246</u>
Total assets and deferred outflows of resources	<u>7,287,881</u>

LIABILITIES

Current liabilities:	
Amounts and other payables (NOTE 7)	85,980
Compensated absences payable (NOTE 13)	4,054
Security deposits held for tenants (NOTES 5 and 6)	41,725
Unearned revenue	<u>63,653</u>
Total current liabilities	<u>195,412</u>
Non-current liabilities:	
Total non-current liabilities (NOTE 13)	<u>5,746</u>
Total liabilities and deferred inflows of resources	<u>201,158</u>

NET POSITION

Net position:	
Net investment in capital assets (NOTE 4)	3,856,246
Restricted (NOTE 17)	1,026,549
Unrestricted	<u>2,203,928</u>
Total net position	<u>\$7,086,723</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
NET POSITION--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2019

Operating Revenues:	
Dwelling rental and fees	\$ 369,821
HUD operating grants	3,649,389
Administrative fees earned	<u>306,254</u>
Total operating revenues	<u>4,325,464</u>
Operating Expenses:	
Salaries and employee benefits	237,203
Materials and other	20,160
Contractual services	403,089
Utilities	89,223
Depreciation	306,893
Insurance	117,535
Housing assistance payments	2,896,309
Housing assistance payments - portability-in	867,480
Housing assistance payments - portability fees	2,727
Telephone	16,261
Bad debt expense	84,708
Supplies	17,507
Postage	7,913
Tenant services	1,312
Membership dues and fees	2,194
Bank charges	6,006
General	<u>15,052</u>
Total operating expenses	<u>5,091,572</u>
Operating loss	<u>(766,108)</u>
Non-operating revenues:	
Interest income	6,552
Other	<u>873,635</u>
Total non-operating revenues	<u>880,187</u>
Change in net position	114,079
Net position, beginning of year	<u>6,972,644</u>
Net position, end of year	<u>\$ 7,086,723</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, 2019

Cash Flows used by Operating Activities	
Operating grants	\$ 3,532,867
Receipts from tenants	384,751
Payments to suppliers for goods and services	(692,198)
Payments to employees	(238,244)
Payments to landlords	<u>(3,763,789)</u>
Net cash used by operating activities	<u>(776,613)</u>
Cash Flows provided by Capital and Related Financing Activities:	
Acquisition of capital assets	(27,335)
Other non-operating receipts	<u>879,432</u>
Net cash provided by capital and related financing activities	<u>852,097</u>
Cash Flows provided by Investing Activities:	
Addition to investment	<u>378</u>
Cash provided by investing activities	<u>378</u>
Net increase in cash	75,862
Cash, beginning of year	<u>2,077,823</u>
Cash, end of year	<u>\$ 2,153,685</u>
NOTE: Recap of Cash	
Cash	\$ 1,085,411
Restricted cash	<u>1,068,274</u>
Total	<u>\$ 2,153,685</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, 2019

Reconciliation of Operating Loss to Net Cash used
by Operating activities:

Operating loss	\$ (766,108)
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Adjustments to reconcile operating loss to cash used
by Operating activities:

Depreciation	306,893
Bad debt expense	84,708

Changes in assets and liabilities:

Increase in prepaid item	(1,752)
Decrease in amounts and other payables	(3,385)
Increase in compensated absences payable	2,788
Decrease in security deposits	(7,485)
Increase in amounts receivable	<u>(392,272)</u>

Net cash used by operating activities	\$ <u>(776,613)</u>
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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, 2019, **the Authority** was primarily engaged in the administration of Low-Income, and Housing Choice Voucher Programs to low-income residents in the City of Slidell.

Further, **the Authority** has the financial resources to assist families in the event of a disaster within its jurisdiction.

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 \$5,000 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, 2019, 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. **The Authority's** employees may accumulate up to two hundred and forty (240) 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.

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

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

Net Position, Continued

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.

Recent Accounting Pronouncement

In June 2017, GASB issued Statement No. 87 (Leases). It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 31,2019.

Restricted and Unrestricted Resources

It is **the Authority's** practice to first apply restricted resources when expenses are incurred for the restricted purpose.

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

NOTE 2 - Amounts Receivable:

Amounts receivable as of March 31, 2019 consisted of the following:

<u>Description</u>	<u>Capital Fund Program</u>	<u>Low Rent Public Housing Program</u>	<u>Housing Choice Voucher Program</u>	<u>Total</u>
Tenant receivable	\$ -0-	\$ 6,675	\$ -0-	\$ 6,675
Grants receivable - HUD	60,668	956,800	-0-	1,017,468
Other	<u>-0-</u>	<u>-0-</u>	<u>120,013</u>	<u>120,013</u>
Total	<u>\$60,668</u>	<u>\$963,475</u>	<u>\$120,013</u>	<u>\$1,144,156</u>

NOTE 3 - Prepaid Item:

Prepaid item at March 31, 2019 consisted of prepaid insurance of \$110,923 and prepaid support fees of \$6,764 for a total of \$117,687.

NOTE 4 - Capital Assets, Net:

At March 31, 2019 capital assets, net consisted of the following:

<u>Description</u>	<u>Balance April 1, 2018</u>	<u>Addition</u>	<u>Other</u>	<u>Balance March 31, 2019</u>
Land and land improvements	\$ 779,855	\$ -0-	\$ -0-	\$ 779,855
Building and building improvements	8,953,336	-0-	-0-	8,953,336
Furniture and equipment	585,319	27,335	-0-	612,654
Automobile	<u>18,181</u>	<u>-0-</u>	<u>-0-</u>	<u>18,181</u>
Sub-total	10,336,691	27,335	-0-	10,364,026
Less accumulated depreciation	<u>(6,200,886)</u>	<u>(358,583)</u>	<u>51,689</u>	<u>(6,507,780)</u>
Total	<u>\$ 4,135,805</u>	<u>\$(331,248)</u>	<u>\$ 51,689</u>	<u>\$ 3,856,246</u>

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

NOTE 5 - Cash:

At March 31, 2019, the carrying amount of **the Authority's** deposits was \$2,153,685 of which \$1,085,411 was unrestricted and \$1,068,274 restricted and the collected bank balance was \$2,174,233. Of this amount \$250,000 was covered by federal depository insurance and \$1,924,233 collateralized by a pledge of securities in the name of **the Authority**.

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 an executed collateral agreement with its banker.

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.

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

NOTE 5 - Cash, Continued:

At March 31, 2019, cash (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>
Demand Deposits	\$813,489	\$522,649	\$1,336,138	N/A	N/A
Savings Account	<u>-0-</u>	<u>817,547</u>	<u>817,547</u>	Varying	Daily
Total	<u>\$813,489</u>	<u>\$1,340,196</u>	<u>\$2,153,685</u>		

A recap of cash at March 31, 2019, follows:

Cash	\$1,085,411
Restricted cash	<u>1,068,274</u>
	<u>\$2,153,685</u>

NOTE 6 - Restricted Cash:

At March 31, 2019, restricted cash consisted of \$41,725 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

Also, included in restricted cash are \$817,547 for modernization and development projects and \$209,002 for future housing assistance payments.

The total restricted cash of \$1,068,274 represents the carrying amount and collected bank balance at March 31, 2019. 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, 2019, consisted of the following:

	Low Rent Public Housing <u>Program</u>	Housing Choice Voucher <u>Program</u>	<u>Total</u>
Accounts payable to vendors	\$47,019	\$36,620	\$83,639
Salaries, taxes and withholdings payable	<u>1,240</u>	<u>1,101</u>	<u>2,341</u>
Total	<u>\$48,259</u>	<u>\$37,721</u>	<u>\$85,980</u>

NOTE 8 - Risk Management:

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

NOTE 9 - Concentration of Credit Risk:

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

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

NOTE 10 - Contingencies:

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

NOTE 11 - Investment:

At March 31, 2019, **the Authority** has invested in a retirement trust, \$16,107 in income investment. See NOTE 16 for additional discussion.

NOTE 12 - Commitments:

At March 31, 2019, **the Authority** has executed agreements with HUD totaling \$965,437 for various modernization, capital fund acquisitions and management improvement projects (see Schedule IV). Balance of funds remaining at March 31, 2019 was \$519,766 (see Schedule IV).

NOTE 13 - Compensated Absences Payable:

Compensated absences payable at March 31, 2019 represents unpaid accrued vacation earned by employees.

A breakdown follows:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Beginning balance	\$ 2,828	\$4,184	\$ 7,012
Addition	2,829	1,562	4,391
Retirement	<u>(1,603)</u>	<u>-0-</u>	<u>(1,603)</u>
Ending balance	<u>\$ 4,054</u>	<u>\$5,746</u>	<u>\$ 9,800</u>

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

NOTE 14 - Per Diem to Board Members:

During the year ended March 31, 2019, no board member received per diem in his or her capacity as a commissioner.

NOTE 15 - Subsequent Events:

The Authority continues to explore avenues to facilitate release of its Operating and Capital Funds obligated by Congress to **the Authority** from HUD. See Notes 2 and 12 for additional discussions. Further, **the Authority** has been levied by the Internal Revenue Service (IRS) for tax forms filed for periods dating back to 2012. Management has established contact with the IRS, and it is management's opinion that all required returns have been previously filed and anticipates a favorable outcome.

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, 2019, \$-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, 2019 restricted net position represents funds restricted to modernization and development projects and future housing assistance payments (see NOTES 5 and 6 for additional discussion).

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

NOTE 18 - Operating Lease:

On September 7, 2017, **the Authority** executed a copier rental agreement for a term not to exceed sixty (60) months for 592 per month.

The following is a schedule by year of the future minimum payments under the rental agreement.

Year Ended March 31,	
2020	\$ 7,104
2021	7,104
2022	<u>7,104</u>
	<u>\$21,312</u>

Rental payments for the year ended March 31, 2019 totaled \$8,962.

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

**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 the Uniform Guidance**

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 the *Uniform Guidance*, 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, and IV) which is required by HUD and Schedule V 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

September 28, 2019

EXHIBIT I

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF NET POSITION--ENTERPRISE FUND
MARCH 31, 2019

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Totals (Memorandum Only)
<u>ASSETS</u>					
Cash	\$ 480,924	\$ -0-	\$ 480,924	\$ 604,487	\$1,085,411
Cash-restricted modernization and development	817,547	-0-	817,547	-0-	817,547
Restricted cash	41,725	-0-	41,725	209,002	250,727
Amounts receivable	963,475	60,668	1,024,143	120,013	1,144,156
Investment	16,107	-0-	16,107	-0-	16,107
Prepaid item	114,305	-0-	114,305	3,382	117,687
Due from other funds	981,298	-0-	981,298	-0-	981,298
Capital assets, net	<u>3,856,246</u>	<u>-0-</u>	<u>3,856,246</u>	<u>-0-</u>	<u>3,856,246</u>
Total assets	<u>7,271,627</u>	<u>60,668</u>	<u>7,332,295</u>	<u>936,884</u>	<u>8,269,179</u>
<u>LIABILITIES</u>					
Amounts and other payables	48,259	-0-	48,259	37,721	85,980
Compensated absences payable	5,172	-0-	5,172	4,628	9,800
Security deposits held for tenants	41,725	-0-	41,725	-0-	41,725
Unearned revenue	-0-	-0-	-0-	63,653	63,653
Due to other funds	<u>-0-</u>	<u>60,668</u>	<u>60,668</u>	<u>920,630</u>	<u>981,298</u>
Total liabilities	<u>95,156</u>	<u>60,668</u>	<u>155,824</u>	<u>1,026,632</u>	<u>1,182,456</u>
<u>Net Position</u>					
Net investment in capital assets	3,856,246	-0-	3,856,246	-0-	3,856,246
Restricted	817,547	-0-	817,547	209,002	1,026,549
Unrestricted	<u>2,502,678</u>	<u>-0-</u>	<u>2,502,678</u>	<u>(298,750)</u>	<u>2,203,928</u>
Total net position	<u>\$7,176,471</u>	<u>\$ -0-</u>	<u>\$7,176,471</u>	<u>\$ (89,748)</u>	<u>\$7,086,723</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
NET POSITION--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2019

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Totals (Memorandum Only)
Operating Revenues:					
Dwelling rental and fees	\$ 369,821	\$ -0-	\$ 369,821	\$ -0-	\$ 369,821
HUD operating grants	394,502	178,921	573,423	3,075,966	3,649,389
Administrative fees earned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>306,254</u>	<u>306,254</u>
Total operating revenues	<u>764,323</u>	<u>178,921</u>	<u>943,244</u>	<u>3,382,220</u>	<u>4,325,464</u>
Operating Expenses:					
Salaries and employee benefits	134,361	-0-	134,361	102,842	237,203
Materials and other	20,160	-0-	20,160	-0-	20,160
Contractual services	276,075	-0-	276,075	127,014	403,089
Utilities	81,194	-0-	81,194	8,029	89,223
Depreciation	306,893	-0-	306,893	-0-	306,893
Insurance	102,811	-0-	102,811	14,724	117,535
Housing assistance payments	-0-	-0-	-0-	2,896,309	2,896,309
Housing assistance payments - portability-in	-0-	-0-	-0-	867,480	867,480
Housing assistance payments - portability fees	-0-	-0-	-0-	2,727	2,727
Telephone	5,882	-0-	5,882	10,379	16,261
Bad debt expense	19,373	-0-	19,373	65,335	84,708
Supplies	4,285	-0-	4,285	13,222	17,507
Postage	1,913	-0-	1,913	6,000	7,913
Tenant services	1,312	-0-	1,312	-0-	1,312
Membership dues and fees	1,097	-0-	1,097	1,097	2,194
Bank charges	6,006	-0-	6,006	-0-	6,006
General	<u>11,939</u>	<u>-0-</u>	<u>11,939</u>	<u>3,113</u>	<u>15,052</u>
Total operating expenses before operating transfer in (out)	<u>973,301</u>	<u>-0-</u>	<u>973,301</u>	<u>4,118,271</u>	<u>5,091,572</u>
Operating transfer in (out)	<u>178,921</u>	<u>(178,921)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating income (loss)	<u>(30,057)</u>	<u>-0-</u>	<u>(30,057)</u>	<u>(736,051)</u>	<u>(766,108)</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
NET POSITION--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

	<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	\$ 4,298	\$ -0-	\$ 4,298	\$ 2,254	\$ 6,552
Other income	<u>5,274</u>	<u>-0-</u>	<u>5,274</u>	<u>868,361</u>	<u>873,635</u>
Total non-operating revenues	<u>9,572</u>	<u>-0-</u>	<u>9,572</u>	<u>870,615</u>	<u>880,187</u>
Change in net position	<u>(20,485)</u>	<u>-0-</u>	<u>(20,485)</u>	<u>134,564</u>	<u>114,079</u>
Net position, beginning of year	<u>7,196,956</u>	<u>-0-</u>	<u>7,196,956</u>	<u>(224,312)</u>	<u>6,972,644</u>
Net position, end of year	<u>\$7,176,471</u>	<u>\$ -0-</u>	<u>\$7,176,471</u>	<u>\$ (89,748)</u>	<u>\$7,086,723</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, 2019

<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	\$ 394,502
Housing Choice Voucher Program	14.871	3,382,220
Capital Fund Program	14.872	<u>178,921</u>
Grand Total		<u>\$3,955,643</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 *the Uniform Guidance*.

NOTE: **The Authority** has not elected to use the 10% de minimis indirect cost rate.

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
MARCH 31, 2019

<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	\$ 480,924	\$ 604,487	\$1,085,411
112	Cash-modernization and development	817,547	-0-	817,547
113	Cash - other restricted	-0-	209,002	209,002
114	Cash - tenant security deposits	<u>41,725</u>	<u>-0-</u>	<u>41,725</u>
100	Total cash	<u>1,340,196</u>	<u>813,489</u>	<u>2,153,685</u>
122	Accounts receivable - HUD other projects	1,017,468	-0-	1,017,408
124	Accounts receivable - other government	-0-	120,013	120,013
126	Accounts receivable - tenants	<u>6,675</u>	<u>-0-</u>	<u>6,675</u>
120	Total receivables, net of allowance for doubtful accounts	<u>1,024,143</u>	<u>120,013</u>	<u>1,144,156</u>
131	Investments- unrestricted	16,107	-0-	16,107
142	Prepaid expenses and other assets	114,305	3,382	117,687
144	Interprogram due from	<u>981,298</u>	<u>-0-</u>	<u>981,298</u>
150	Total current assets	<u>3,476,049</u>	<u>936,884</u>	<u>4,412,933</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, 2019

<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	8,953,336	-0-	8,953,336
163	Furniture, equipment and machinery-dwellings	415,456	-0-	415,456
164	Furniture, equipment and machinery-administration	195,269	20,110	215,379
166	Accumulated depreciation	<u>(6,487,670)</u>	<u>(20,110)</u>	<u>(6,507,780)</u>
160	Total capital assets, net of accumulated depreciation	<u>3,856,246</u>	<u>-0-</u>	<u>3,856,246</u>
180	Total non-current assets	<u>3,856,246</u>	<u>-0-</u>	<u>3,856,246</u>
290	Total assets and deferred outflows of resources	<u>\$ 7,332,295</u>	<u>\$ 936,884</u>	<u>\$ 8,269,179</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, 2019

<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	\$ 47,019	\$ 36,620	\$ 83,639
321	Accrued wage/payroll taxes payable	1,240	1,101	2,341
322	Accrued compensated absences-current portion	2,027	2,027	4,054
341	Tenant security deposits	41,725	-0-	41,725
342	Unearned revenue	-0-	63,653	63,653
347	Interprogram due to	<u>60,668</u>	<u>920,630</u>	<u>981,298</u>
310	Total current liabilities and deferred inflows of resources	<u>152,679</u>	<u>1,024,031</u>	<u>1,176,710</u>
354	Accrued compensation absences-noncurrent portion	<u>3,145</u>	<u>2,601</u>	<u>5,746</u>
350	Total noncurrent liabilities	<u>3,145</u>	<u>2,601</u>	<u>5,746</u>
300	Total liabilities and deferred inflows of resources	<u>155,824</u>	<u>1,026,632</u>	<u>1,182,456</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, 2019

<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	\$3,856,246	\$ -0-	\$3,856,246
511.4	Restricted net position	817,547	209,002	1,026,549
512.4	Unrestricted net position	<u>2,502,678</u>	<u>(298,750)</u>	<u>2,203,928</u>
513	Total equity/net position	<u>7,176,471</u>	<u>(89,748)</u>	<u>7,086,723</u>
600	Total liabilities, deferred inflows of resources and equity/net position	<u>\$7,332,295</u>	<u>\$ 936,884</u>	<u>\$8,269,179</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, 2019

<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</u>
70300	Net tenant rental revenue	\$328,319	\$ -0-	\$328,319	\$ -0-	\$ 328,319
70400	Tenant revenue	<u>41,502</u>	<u>-0-</u>	<u>41,502</u>	<u>-0-</u>	<u>41,502</u>
70500	Total tenant revenue	<u>369,821</u>	<u>-0-</u>	<u>369,821</u>	<u>-0-</u>	<u>369,821</u>
70600-010	Housing assistance payments	-0-	-0-	-0-	3,075,966	3,075,966
70600-020	Ongoing administrative fees earned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>306,254</u>	<u>306,254</u>
70600	HUD PHA operating grants	<u>394,502</u>	<u>178,921</u>	<u>573,423</u>	<u>3,382,220</u>	<u>3,955,643</u>
71100	Investment income - unrestricted	<u>4,298</u>	<u>-0-</u>	<u>4,298</u>	<u>2,254</u>	<u>6,552</u>
71500	Other revenue	<u>5,274</u>	<u>-0-</u>	<u>5,274</u>	<u>868,361</u>	<u>873,635</u>
70000	Total revenue	<u>773,895</u>	<u>178,921</u>	<u>952,816</u>	<u>4,252,835</u>	<u>5,205,651</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, 2019

<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</u>
91100	Administrative salaries	\$ 92,085	\$ -0-	\$ 92,085	\$ 92,700	\$184,785
91200	Auditing fees	28,156	-0-	28,156	16,381	44,537
91500	Employee benefit contributions- administrative	9,484	-0-	9,484	8,857	18,341
91600	Office expense	122,584	-0-	122,584	133,505	256,089
91700	Legal expense	<u>11,377</u>	<u>-0-</u>	<u>11,377</u>	<u>6,695</u>	<u>18,072</u>
91000	Total operating - administrative	<u>263,686</u>	<u>-0-</u>	<u>263,686</u>	<u>258,138</u>	<u>521,824</u>
92400	Tenant services - other	<u>1,312</u>	<u>-0-</u>	<u>1,312</u>	<u>-0-</u>	<u>1,312</u>
92500	Total tenant services	<u>1,312</u>	<u>-0-</u>	<u>1,312</u>	<u>-0-</u>	<u>1,312</u>
93100	Water	36,209	-0-	36,209	1,240	37,449
93200	Electricity	16,449	-0-	16,449	5,421	21,870
93600	Sewer	<u>28,536</u>	<u>-0-</u>	<u>28,536</u>	<u>1,369</u>	<u>29,905</u>
93000	Total utilities	<u>81,194</u>	<u>-0-</u>	<u>81,194</u>	<u>8,030</u>	<u>89,224</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, 2019

<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</u>
94100	Ordinary maintenance and operations- labor	\$ <u>28,368</u>	\$ <u>-0-</u>	\$ <u>28,368</u>	\$ <u>-0-</u>	\$ <u>28,368</u>
94200	Ordinary maintenance and operations - materials and other	<u>20,160</u>	<u>-0-</u>	<u>20,160</u>	<u>-0-</u>	<u>20,160</u>
94300-010	Ordinary maintenance and operations- garbage and trash removal	13,643	-0-	13,643	-0-	13,643
94300-020	Ordinary maintenance and operations contracts- heating and cooling contracts	12,548	-0-	12,548	-0-	12,548
94300-050	Ordinary maintenance and operations contracts- landscape and grounds contracts	14,203	-0-	14,203	-0-	14,203
94300-060	Ordinary maintenance and operations contracts- unit turnaround contracts	30,549	-0-	30,549	-0-	30,549
94300-070	Ordinary maintenance and operations- contracts-electrical contracts	2,851	-0-	2,851	-0-	2,851
94300-080	Ordinary maintenance and operations contracts- plumbing contracts	5,359	-0-	5,359	-0-	5,359
94300-110	Ordinary maintenance and operations contracts- routine maintenance	14,990	-0-	14,990	-0-	14,990
94500-	Employee benefit contributions- ordinary maintenance	<u>2,921</u>	<u>-0-</u>	<u>2,921</u>	<u>-0-</u>	<u>2,921</u>
94000	Total maintenance	<u>145,592</u>	<u>-0-</u>	<u>145,592</u>	<u>-0-</u>	<u>145,592</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, 2019

<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</u>
95200	Protective services - other contracts costs	\$ 37,890	\$ -0-	\$ 37,890	\$ -0-	\$ 37,890
95300	Protective services - other	<u>11</u>	<u>-0-</u>	<u>11</u>	<u>34</u>	<u>45</u>
95000	Total protective services	<u>37,901</u>	<u>-0-</u>	<u>37,901</u>	<u>34</u>	<u>37,935</u>
96110	Property insurance	90,776	-0-	90,776	5,140	95,916
96120	Liability insurance	8,070	-0-	8,070	6,531	14,601
96130	Workers compensation	3,715	-0-	3,715	2,803	6,518
96140	All other insurance	<u>250</u>	<u>-0-</u>	<u>250</u>	<u>250</u>	<u>500</u>
96100	Total insurance premiums	<u>102,811</u>	<u>-0-</u>	<u>102,811</u>	<u>14,724</u>	<u>117,535</u>
96200	Other general	13,037	-0-	13,037	4,210	17,247
96210	Compensated absences	1,502	-0-	1,502	1,286	2,788
96400	Bad debt-tenant rents	19,373	-0-	19,373	-0-	19,373
96600	Bad debt-other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>65,335</u>	<u>65,335</u>
96000	Total other general expenses	<u>33,912</u>	<u>-0-</u>	<u>33,912</u>	<u>5,496</u>	<u>104,743</u>
96900	Total operating expenses	<u>666,408</u>	<u>-0-</u>	<u>666,408</u>	<u>351,757</u>	<u>1,018,165</u>
97000	Excess (deficiency) of revenue over (under) operating expenses	<u>107,487</u>	<u>178,921</u>	<u>286,408</u>	<u>3,901,078</u>	<u>4,187,486</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, 2019

LINE ITEM NO.	ACCOUNT DESCRIPTION	OPERATING FUND PROGRAM	CAPITAL FUND PROGRAM	TOTAL PROJECTS	HOUSING CHOICE VOUCHER PROGRAM	TOTAL
97300	Housing assistance payments	\$ -0-	\$ -0-	\$ -0-	\$2,896,309	\$2,896,309
97350	Hosing assistance payments portability - in	-0-	-0-	-0-	870,205	870,205
97400	Depreciation expense	<u>306,893</u>	<u>-0-</u>	<u>306,893</u>	<u>-0-</u>	<u>306,893</u>
90000	Total expenses	<u>973,301</u>	<u>-0-</u>	<u>973,301</u>	<u>4,118,271</u>	<u>5,091,572</u>
10010	Operating transfer in	178,921	-0-	178,921	-0-	178,921
10020	Operating transfer out	<u>-0-</u>	<u>(178,921)</u>	<u>(178,921)</u>	<u>-0-</u>	<u>(178,921)</u>
	Total other financial services (used)	<u>178,921</u>	<u>(178,921)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
10000	Excess (deficiency) of revenue over (under) expenses	<u>\$ (20,485)</u>	<u>\$ -0-</u>	<u>\$ (20,485)</u>	<u>\$ 134,564</u>	<u>\$ 114,079</u>
11030	Beginning equity/net position	<u>\$7,196,956</u>	<u>\$ -0-</u>	<u>\$7,196,956</u>	<u>\$ (209,646)</u>	<u>\$6,987,310</u>
11170	Administrative fee equity	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (298,750)</u>	<u>\$ (298,750)</u>
11180	Housing assistance payments equity	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 209,002</u>	<u>\$ 209,002</u>
11190	Unit months available	<u>1,500</u>	<u>-0-</u>	<u>1,500</u>	<u>7,344</u>	<u>8,844</u>
11210	Number of unit months leased	<u>1,440</u>	<u>-0-</u>	<u>1,440</u>	<u>5,064</u>	<u>6,504</u>
11270	Excess cash	<u>\$2,335,984</u>	<u>\$ -0-</u>	<u>\$2,335,984</u>	<u>\$ -0-</u>	<u>\$2,335,984</u>
11620	Building purchases	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
11630	Furniture and equipment-dwelling	<u>\$ 25,597</u>	<u>\$ -0-</u>	<u>\$ 25,597</u>	<u>\$ -0-</u>	<u>\$ 25,597</u>
11640	Furniture and equipment-Administrative	<u>\$ 1,738</u>	<u>\$ -0-</u>	<u>\$ 1,738</u>	<u>\$ -0-</u>	<u>\$ 1,738</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 (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2019**

	<u>LA48P103-501-14</u>	<u>LA48P103-501-15</u>	<u>LA48P103-501-16</u>	<u>LA 48P103-501-17</u>	<u>LA 48P103-501-18</u>	<u>LA 48P103-501-19</u>	<u>TOTAL</u>
Funds approved	\$ 126,169	\$ 125,686	\$ 133,148	\$140,051	\$ 215,805	\$224,578	\$ 965,437
Funds expended	<u>(126,169)</u>	<u>(125,686)</u>	<u>(133,148)</u>	<u>(60,668)</u>	<u>-0-</u>	<u>-0-</u>	<u>(445,671)</u>
Excess (deficiency) of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>79,383</u>	\$ <u>215,805</u>	\$ <u>224,578</u>	\$ <u>519,766</u>
Funds Advances:							
Grant funding	\$ <u>126,169</u>	\$ <u>125,686</u>	\$ <u>133,148</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>385,003</u>
Total funds advanced	<u>126,169</u>	<u>125,686</u>	<u>133,148</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>385,003</u>
Funds expended	<u>(126,169)</u>	<u>(125,686)</u>	<u>133,148</u>	<u>(60,668)</u>	<u>-0-</u>	<u>-0-</u>	<u>(445,671)</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(60,668)</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>(60,668)</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO THE EXECUTIVE DIRECTOR
FOR THE YEAR ENDED MARCH 31, 2019**

EXECUTIVE DIRECTOR:

Name: Ms. Shelia J. Danzey

<u>Purpose</u>	<u>Amount</u>
Compensation	\$75,000
Benefits	12,061
Reimbursements	<u>38</u>
Total	<u>\$87,099</u>

See Independent Auditors' Report on 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

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, 2019, and the related notes to the financial statements which collectively comprise **the Authority's** basic financial statements, and have issued our report thereon dated September 28, 2019.

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 two (2) deficiencies in internal control over financial reporting one (1) of which we consider to be a material weakness and the other one (1) 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 2019-002 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 deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2019-001 to be a material weakness.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

September 28, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL 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 Title II of the United States Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (*Uniform Guidance*) that could have a direct and material effect on each of **the Authority's** major federal programs for the year ended March 31, 2019. **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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(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 *the 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.

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, 2019.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with *the Uniform Guidance* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2019-003 through 2019-008. 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 *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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(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 have not been identified. However, as described in the following paragraphs, we did identify deficiencies in internal control over compliance one (1) of which we consider to be a material weakness and the other one (1) significant deficiency.

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 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 requirement of federal program, 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 2019-010 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 over compliance 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 deficiency in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2019-009 to be a material weakness, as defined above.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(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 *the Uniform Guidance*. 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

September 28, 2019

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2019**

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 the requirements of *the Uniform Guidance*? **Yes**

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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: **\$750,000**

Auditee qualified as low-risk auditee? **No**

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2019-001

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 (Financial Statement Reporting Cycle)

Our review of selected attributes of **the Authority's** internal control over its financial statements reporting cycle revealed the following:

- o No documented evidence of risk assessment of the system of internal controls over financial statement reporting.
- o Lack of timely and complete preparation of bank account reconciliations to include resolution of reconciling items. Further, we noted the lack of documented evidence of supervisory review above the level of the preparer.
- o Accounting for and completeness in all executed program and financial transactions.
- o Failure to resolve variances between significant general ledger control accounts and their related subsidiary ledgers on a timely basis resulting from account analysis and reconciliations performed. (see OM 2019-002 and OM 2019-003 for additional discussion).

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2019-001

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2019 were \$3,955,643.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations and Board policy that impacts the completeness in prepared financial statements.

Cause

The number of projects which is not matched by the required resources needed and **the Authority's** ability to prioritize its competing projects within the constraints of its financial resources.

Recommendation

Management should perform and document a risk assessment of its internal control system, 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. Periodic 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, 2019

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2019-001

Management's Response and Planned Corrective Action

Based on an informal assessment of **the Authority's** internal control process and the various requests from regulatory agencies; management has restructured certain aspects of its daily operations to accommodate the ability to also manage the various components of the agency. **The Authority** will continue to use its resources to enhance the Accounting department as well as add staff to enhance monitoring of all functions of the Agency as resources are made available from HUD.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2019-002

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 (Segregation of Duties)

Under **the Authority's** current organizational structure and size, 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.

Furthermore, **the Authority** is constrained through available financial resources based on nature of funding

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2019 were \$3,955,643.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2019-002

Effect or Potential Effect

The Authority's current size and structure provide 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 which is further impacted by the level of 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 currently developing an organizational strategy that causes **the Authority** to provide resources to Accounting to include additional staff to meet the demands on **the Authority**. These actions will also enhance the internal control process. It is expected that the additional staff subject to financial resources currently held by HUD will be a cost benefit to **the Authority**. At the Board level, its meetings allow for the injection of an additional level of oversight.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs

Reference Number

2019-003

Federal Award Program

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

Criteria

Based on the procurement policy adopted in August 2017, purchases for \$10,000 or less require one quote. Purchases over \$10,000 but less than \$100,000 require a reasonable number of quotes (preferably three (3)). Management is required to comply with the procurement policy approved by the Board.

Condition (Procurement, Debarment, Suspension or otherwise excluded)

A sample review of twenty-five (25) vendors revealed the following conditions:

- o **The Authority's** adopted procurement policy referenced above, defines "micro" purchases as amounts of \$10,000 or less, which contradicts 2 CFR §200.67.
- o Further, our review for compliance with the requirements for debarment, suspension or otherwise exclusion from participation in federal assistance programs or activities, pursuant to 2 CFR Part 180, revealed the untimely documentation of verification through the "SAM" website, for compliance with the referenced CFR prior to the execution of a contract with **the Authority**.
- o Also, we noted the lack of adequate documentation to support and/or provide a trail for the basis of the type of procurement to include services contracted prior to the respective awards by the Board at their June 2018 meeting.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-003

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2019 were \$394,502.

Effect or Potential Effect

Noncompliance with the requirements of Board established policy.

Cause

Ineffective monitoring procedures in place to ensure the completeness in all procurement files.

Recommendation

We recommend that management revisit with its existing quality control procedures to ensure its completeness in the documentation of information that impacts all procurements based on its current procurement policy.

Further, management should revise its definition of "micro purchase" to comply with the requirements of 2 CFR.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-003

Management's Response and Planned Corrective Action

Management has developed a document checklist aimed at providing a general reminder of the types of documents needed to undertake small procurements. Additional training will be afforded to staff with procurement responsibilities.

Management will correct the reference to micro versus small purchases and submit the revision for Board approval.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2019-004

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. **The Authority's** policy requires submission within established timeline.

Further, 24 CFR sections 908, 5.230, 5.609, 982.158, 982.405, 982.507, 982.516 and 982.517, et al provide guidance in the determination of tenant's eligibility to participate in the housing program.

In addition, **the Authority** is required to comply with the requirements of the Board approved Administrative Plan.

Condition (Eligibility)

We judgementally selected for review a total of twenty-five (25) program participant files and noted the following conditions:

- o In three (3) instances tested, we noted no evidence of signed Form HUD 9886.
- o In two (2) instances a copy of each tenant's social security card was not available for view and/or mis-filed.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-004

Condition, (Eligibility) Continued

- o In nine (9) instances, the tenant files revealed untimely re-certifications. Further, in three (3) instances, tenant's income were not verified timely, (within sixty (60) days of re-certification).
- o In one (1) instance, Form HUD 50058 was not submitted timely.
- o For two (2) tenants, we noted no Form HUD 214 in their respective file.
- o In one (1) instance, the tenant's date of birth was documented incorrectly on the Form HUD 50058.
- o In three (3) instances, the tenants respective income as reported were incorrect from the support in the tenant's respective file.
- o In one (1) instance, a tenant's file did not contain the required copy of a dependant's birth certificate.
- o In two (2) instances, we noted no documentation of unit inspection performed.
- o In one (1) instance, the tenant's file did not contain a signed Form HUD 50058.
- o In one (1) instance, the tenant was over-subsidized. Tenant was housed in a three (3) bedroom unit, but had a one person household.
- o In three (3) instances tenant's annual income was not verified.
- o In five (5) instances tenant's application form was not maintained in tenant's file.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-004

Questioned Costs

\$163.

Context

Total federal awards expended for the Housing Choice Voucher Program were \$3,382,220 or 86% of the total federal awards for the year ended March 31, 2019.

Effect or Potential Effect

Noncompliance with **the Authority's** requirements relative to the submission and completion of Form HUD 50058, to include the determination of tenant's eligibility to participate in the housing program.

Cause

Failure to submit a complete Form HUD 50058 within established timeline to include adherence with the requirements for program eligibility.

Recommendation

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

Further, management should ensure the completeness of all tenant files to support tenancy determination. Such documentation should include the timely performance and completeness of all re-certification requirements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-004

Management's Response and Planned Corrective Action

Despite management providing extensive training both in-service and through vendors, the financial investment of **the Authority** has not yielded the anticipated results.

The next step for **the Authority** is to evaluate the existing staff capacity and size and make a decision to re-structure staffing in the program areas either by adding experienced staff, changing staff functions and performance of documented quarterly quality control reviews.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2019-005

Federal Award Program

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

Criteria

24 CFR section 960.202 through 960.206 require tenants to be selected from a waiting list prepared and maintained by **the Authority**.

Condition (Waiting List Placement)

Based on a sample of three (3) tenant files judgementally selected for review of tenant move-ins into **the Authority's** Low Rent Public Housing Program, we noted in one (1) instance where the file lacked documented evidence to support the order and placement from the waiting list prior to the offer for tenancy.

The current program software used by **the Authority**, manages the waiting list on "real" time.

Questioned Costs

None.

Context

Expenditures of federal awards for the year ended March 31, 2019 for the Low Rent Public Housing Program were \$394,502 or 10% 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, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-005

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 960.

Cause

Lack of a systematic practice to retain on file at point of selection, all documented evidence to support selection from the waiting list.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR section 960.202 through 960.206. Further, placement into the program should be from the waiting list in accordance with Board policy and HUD regulation to include documented evidence of such placement. Also, the tenant files should include documentation regarding the basis for tenant selection.

Management's Response and Planned Corrective Action

In June 2018, **the Authority** began to take applications on-line. The on-line process assists in decreasing any issue of integrity to the process and eliminates a time-consuming use of resources to sort applications. However, management will closely review the process for adhering to HUD guidelines. Program staff will be trained on the process again. Management will review every new admission and the method in which they were pulled from the waiting list before an offer is made and a lease or contract signed.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2019-006

Federal Award Program

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

Criteria

Management of **the Authority** is responsible for the documentation of compliance with the requirements of CFR 24.982.158(d) and 982.404 housing quality standards.

Condition (Housing Quality Standards)

In one (1) of eight (8) failed inspection files reviewed, we noted that while the follow-up re-inspection failed, there was no documentation of a letter sent to the client stating that the related housing assistance payment would be abated. Furthermore, in two (2) of eight (8) files reviewed, we noted that follow-up re-inspections were not performed timely. Also, in one (1) of eight (8) files reviewed, there was no evidence of a follow-up re-inspection.

Questioned Costs

None.

Context

Total federal awards expended for the Housing Choice Voucher Program for the year ended March 31, 2019 were \$3,382,220.

Effect or Potential Effect

Noncompliance with the requirements of CFR 982 et. al.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-006

Cause

The level of oversight afforded at the various supervisory levels in the Housing Choice Voucher Program section.

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.

Management's Response and Planned Corrective Action

Management will provide additional in service training to staff in an effort to address the issue of completeness in documentation with **the Authority's** policy and HUD regulations regarding inspections performed.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2019-007

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 (Leased-up Level)

Our review of the March 31, 2019, occupancy report reveals a 65% leased-up based on **the Authority's** authorized Annual Contribution Contract allocation and its average HAP payment.

Questioned Costs

None.

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$3,382,220 or 86% of the total federal awards for the year ended March 31, 2019.

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, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-007

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 has absorbed families from the portability program and is also working through the waiting list to lease to families new to the program.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2019-008

Federal Award Program

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

Criteria

24 CFR section 990.170 to 990.185 and 990.280(b)(4) provides guidance to calculate the utilities expense level component of eligibility for operating subsidy.

Further, 24 CFR Section 990.125, provides guides in the determination of “eligible units” the Authority may claim and receive operating subsidy.

Condition (Reporting for Operating Fund Formula)

Amounts reported for actual consumption and costs related to electricity and water on Form HUD 52722 in connection with the Operating Fund calculation of utilities did not agree to the supporting documentation provided to us.

In addition, we were unable to verify other amounts reported such as audit costs on the Form HUD 52723.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program were \$394,502 or 10% of the total federal awards for the year ended March 31, 2019.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-008

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 990.170 to 990.185, 990.280(b)(4) and 990.125.

Cause

Lack of an effective monitoring process in place to ensure correct information is reported to HUD.

Recommendation

Management should ensure that all information reported agree to the supporting data in **the Authority** records.

Management's Response and Planned Corrective Action

Management will ensure that all back-up documentation attached to any submissions to HUD and other regulatory agencies is accurate. Management will review for accuracy, sign and date review.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2019-009

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 (Financial Statements Reporting Cycle)

Our review of selected attributes of **the Authority's** internal control over its financial statements reporting cycle revealed the following:

- o No documented evidence of risk assessment of the system of internal controls over financial statement reporting.
- o Lack of timely and complete preparation of bank account reconciliations to include resolution of reconciling items. Further, we noted the lack of documented evidence of supervisory review above the level of the preparer.
- o Accounting for and completeness in all executed program and financial transactions.
- o Failure to resolve variances between significant general ledger control accounts and their related subsidiary ledgers on a timely basis resulting from account on analysis and reconciliations performed. (see OM 2019-002 and OM 2019-003 for additional discussion).

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-009

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2019 were \$3,955,643.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations and Board policy that impacts the completeness in prepared financial statements.

Cause

The number of projects which is not matched by the required resources needed and **the Authority's** ability to prioritize its competing projects within the constraints of its financial resources.

Recommendation

Management should perform and document a risk assessment of its internal control system, 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. Periodic 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, 2019

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-009

Management's Response and Planned Corrective Action

Based on an informal assessment of **the Authority's** internal control process and the various requests from regulatory agencies; management has restructured certain aspects of its daily operations to accommodate the ability to also manage the various components of the agency. **The Authority** will continue to use its resources to enhance the Accounting department as well as add staff to enhance monitoring of all functions of the Agency as resources are made available from HUD.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2019-010

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 (Segregation of Duties)

Under **the Authority's** current organizational structure and size, 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.

Furthermore, **the Authority** is constrained through available financial resources based on nature of funding

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2019 were \$3,955,643.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-010

Effect or Potential Effect

The Authority's current size and structure provide 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 which is further impacted by the level of 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 currently developing an organizational strategy that causes **the Authority** to provide resources to Accounting to include additional staff to meet the demands on **the Authority**. These actions will also enhance the internal control process. It is expected that the additional staff subject to financial resources currently held by HUD will be a cost benefit to **the Authority**. At the Board level, its meetings allow for the injection of an additional level of oversight.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Numbers

2018-001 and 2018-007

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 noted that the financial statements as prepared by **the Authority** required both client and audit adjustments to fairly state account balances.

This condition is similar to prior year's finding reference numbers 2017-001 and 2017-015.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2018 were \$3,711,545.

Effect or Potential Effect

Condition of **the Authority's** current internal control system over financial reporting does not provide for a timely and complete financial statements for management's review.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Numbers, Continued

2018-001 and 2018-007

Cause

The level of oversight afforded to the Finance department to include the number of conflicting projects.

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 processes developed such consider the periodic review and analysis of all significant general ledger accounts.

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Numbers

2018-002 and 2018-018

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 Authority's** internal control over its financial statements reporting cycle revealed the following:

- o No documented evidence of risk assessment of the system of internal controls over financial statement reporting.
- o Lack of timely and complete preparation of bank account reconciliations to include resolution of out of balance conditions. Further, we noted no evidence of supervisory review.
- o Accounting for and completeness in all executed financial transactions.
- o Untimely resolution of stale dated checks.
- o Failure to perform timely analysis and reconciliation of all significant general ledger accounts between the respective subsidiary and control accounts; to include resolution of variances between control and subsidiary general ledger accounts. (see OM 2018-002 for additional discussion).

This condition is similar to prior year's finding reference numbers 2017-003 and 2017-017.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Numbers, Continued

2018-002 and 2018-018

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2018 were \$3,711,545.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations and Board policy that impacts the completeness in prepared financial statements.

Cause

The number of projects which is not matched by the required resources needed and **the Authority’s** ability to prioritize its competing projects.

Recommendation

Management should perform and document a risk assessment of its internal control system, 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. Periodic 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, 2019

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

Reference Numbers, Continued

2018-002 and 2018-018

Current Status

Partially resolved for selected conditions. See current year’s finding reference number 2019-001.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Numbers

2018-003 and 2018-019

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

A review of the cash receipts, disbursements and payroll cycles for **the Authority** for the month of January 2018 (month judgementally selected for testing) revealed the following conditions:

- o Two (2) of three (3) cash receipts transactions executed were not recorded timely in the general ledger to include the correct fiscal period.
- o For two (2) of three (3) employees tested, we noted an instance where the Social Security and Medicare taxes calculated, were incorrect based on information reflected on the employee’s respective paystub.

This condition is similar to prior year’s findings reference numbers 2017-002 and 2017-016.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Numbers, Continued

2018-003 and 2018-019

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2018 were \$3,711,545.

Effect or Potential Effect

The Authority's current size and technical capacity does not provide for an environment that is conducive to adequate oversight and completeness in recorded financial transactions.

Cause

Size of personnel assigned to the accounting function and **the Authority** as a whole, coupled with the level of oversight afforded.

Recommendation

We recommend that management and the Board continue to provide the level of oversight to include practices such as sampling of transactions to ensure compliance with Board policy.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Numbers

2018-004 and 2018-020

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's findings reference numbers 2017-004 and 2017-018.

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2018 were \$3,711,545.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Numbers, Continued

2018-004 and 2018-020

Effect or Potential Effect

The Authority’s current size and structure provide 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 which is impacted by the level of 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.

Current Status

Unresolved. See current year’s finding reference number 2019-002.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-005

Federal Award Program

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

Criteria

Louisiana Revised Statute 24:513 requires the publication 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, 2018, were not published by September 30, 2018 (statutory due date).

Questioned Costs

None.

Context

Federal awards expended for the year ended March 31, 2018 were \$3,711,545.

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, 2019

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

Reference Number, Continued

2018-005

Cause

Challenges encountered through various transitions in the Finance and program departments.

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.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-006

Federal Award Program

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

Criteria

Based on the approved 2009 procurement policy, small purchases of \$3,000 or less require one quote. Purchases over \$3,000 but less than \$100,000 require no less than three (3) quotes. Management is required to comply with the procurement policy approved by the Board.

Condition

- o In three (3) of five (5) vendors tested, we noted the lack of documented evidence to support the required solicitation of quotes pursuant to Board policy.
- o Three (3) of the five (5) vendor files lacked documented evidence to support the preparation of a cost and price analysis, as required by **the Authority's** procurement policy.

Further, we noted a revision to **the Authority's** procurement policy adopted by the Board in August, 2017.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2018 were \$342,689.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-006

Effect or Potential Effect

Noncompliance with the requirements of Board established policy.

Cause

Ineffective monitoring procedures in place to ensure the completeness in all procurement files.

Recommendation

We recommend that management revisit with its existing quality control procedures to ensure its completeness in the documentation of information that impacts all procurements based on its revised procurement policy.

Current Status

Unresolved. See current year's finding reference number 2019-003.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-007

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

We judgementally selected for review, a total of six (6) tenant files. The results of the referenced review, revealed in one (1) instance where **the Authority** lacked documented evidence to support that Form HUD 50058 was submitted on a timely basis or within the timeframe established by management.

This condition is similar to a prior year finding reference number 2017-005.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2018 were \$342,689 or 9%.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-007

Effect or Potential Effect

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

Cause

Lack of a quality control system in place to support compliance with the timely filing of Form HUD 50058 by program managers.

Recommendation

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

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-008

Federal Award Program

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

Criteria

24 CFR section 960.202 through 960.206 require tenants to be selected from a waiting list prepared and maintained by **the Authority**.

Condition

Based on a sample of six (6) tenant files judgementally selected for review of tenant move-ins into **the Authority’s** Low Rent Public Housing Program, we noted in all instances where the files lacked documented evidence to support the order and placement from the waiting list prior to the offer for tenancy.

The current program software used by **the Authority**, manages the waiting list on “real” time.

This condition is similar to prior year’s finding reference number 2017-006.

Questioned Costs

None.

Context

Expenditures of federal awards for the year ended March 31, 2018 for the Low Rent Public Housing Program were \$342,689 or 9% 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, 2019

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

Reference Number, Continued

2018-008

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 960.

Cause

Lack of a systematic practice to retain on file at point of selection, all documented evidence to support selection from the waiting list.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR section 960.202 through 960.206. Further, placement into the program should be from the waiting list in accordance with Board policy and HUD regulation to include documented evidence of such placement. Also, the tenant files should include documentation regarding the basis for tenant selection.

Current Status

Unresolved. See current year's finding reference number 2019-005.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-009

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. **The Authority's** policy requires submission within established timeline.

Further, 24 CFR sections 908, 5.230, 5.609, 982.158, 982.405, 982.507, 982.516 and 982.517, et al provide guidance in the determination of tenant's eligibility to participate in the housing program.

Condition

We judgementally selected for review a total of nineteen (19) files consisting of thirteen (13) regular, port-out, and six (6) port-in program participants.

- o In six (6) of thirteen (13) tenant files reviewed, Form HUD 50058 were not submitted timely. Further, we noted two (2) of the referenced Form HUD 50058 submitted contained errors. Also, in four (4) instances, we were unable to independently verify the date the Forms HUD 50058 were submitted.
- o One (1) of the thirteen (13) tenant files reviewed, lacked an application form on file.
- o For four (4) of the thirteen (13) tenant files reviewed, we noted no documented evidence to support a third party income verification. This condition was the result of untimely re-certifications.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-009

Condition, Continued

- o Three (3) of the thirteen (13) tenant files lacked adequate documentation to facilitate an independent determination of the rent charged. In one (1) instance, the tenant's projected income was incorrectly calculated.
- o For three (3) of the referenced thirteen (13) files, we noted no documented evidence that a check for prior lease violations was performed for each of the respective tenants.
- o In four (4) of the thirteen (13) files reviewed, we noted no documented evidence of proof of citizenship or legal status.
- o For two (2) files of the thirteen (13) reviewed, the utility rate schedule used was incorrect resulting in a miscalculation in rents.
- o In one (1) instance, a tenant's income was incorrectly calculated. Further, in two (2) instances, we were unable to independently verify the income data reported on Form HUD 50058.
- o In six (6) of the thirteen (13) files reviewed, we noted the untimely preparation of recertifications.
- o In two (2) of thirteen (13) tenant files reviewed, Form HUD 50058 did not agree to the information in the respective tenant files. Of the two (2) files mentioned; one (1) did not have a current Form HUD 50058 for the fiscal year ended March 31, 2018, and one (1) did not have income reported correctly on the Form HUD 50058.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-009

Condition, Continued

- o In one (1) instance, we were unable to independently verify the listed student status of a dependent.
- o In one (1) instance, we noted no evidence of documented annual inspection.
- o For three (3) files, we noted the absence and/or incomplete worksheets to support the accurate determination of utility allowance, income, etc.

This condition is similar to prior year finding reference number 2017-010.

Questioned Costs

None.

Context

Total federal awards expended for the Housing Choice Voucher Program were \$3,341,174 or 90% of the total federal awards for the year ended March 31, 2018.

Effect or Potential Effect

Noncompliance with the Authority's requirements relative to the submission and completion of Form HUD 50058, to include the determination of tenant's eligibility to participate in the housing program.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-009

Cause

Failure to submit a complete Form HUD 50058 within established timeline to include adherence with the requirements for program eligibility.

Recommendation

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

Further, management should ensure the completeness in all tenant files to support tenancy determination.

Current Status

Unresolved. See current year's finding reference numbers 2019-004 and 2019-006.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-010

Federal Award Program

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

Criteria

Except as provided in 24 CFR section 982.202 through 982.207, all families admitted to the housing program must be selected from the waiting list who reach the top of the list.

Condition

For the only new admission in the 2018, fiscal year, we noted no documented evidence of selection from the waiting list.

This condition is similar to prior year's finding reference number 2017-011.

Questioned Costs

None.

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$3,341,174 or 90% of the total federal awards for the year ended March 31, 2018.

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, 2019

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

Reference Number, Continued

2018-010

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.

Current Status

Resolved. **The Authority** did not maintain a waiting list in 2019. Primary admissions were port-in participants.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-011

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, 2018, occupancy report reveals a 69% leased-up based on **the Authority's** authorized Annual Contribution Contract allocation and its average HAP payment.

This condition is similar to prior year's finding reference number 2017-012.

Questioned Costs

None.

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$3,341,174 or 90% of the total federal awards for the year ended March 31, 2018.

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, 2019

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

Reference Number, Continued

2018-011

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.

Current Status

Unresolved. See current year's finding reference number 2019-007.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-012

Federal Award Program

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

Criteria

Management of **the Authority** is responsible for the documentation of compliance with the requirements of CFR 24.982.158(d) and 982.404 housing quality standards.

Condition

In one (1) of five (5) failed inspection files reviewed, we noted no documented communication notifying the landlord of the correction period for the failed inspection. Further in two (2) of the five (5) files reviewed, there was no evidence of follow-up inspection. Also, in two (2) of five (5) files reviewed, there was no documentation to support abatement of housing assistance payments to the landlord.

Questioned Costs

None.

Context

Total federal awards expended for the Housing Choice Voucher Program for the year ended March 31, 2018 were \$3,341,174.

Effect or Potential Effect

Noncompliance with the requirements of CFR 982 et. al.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-012

Cause

The level of oversight afforded at the various supervisory levels in the Housing Choice Voucher Program section.

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.

Current Status

Unresolved. See current year's finding reference number 2019-004.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-013

Federal Award Program

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

Criteria

24 CFR Section 960.259 provides guidance in the determination of reported family income for eligibility to participate in the housing program.

Condition

The utility allowance rate (2015 utility schedule) used was incorrect resulting in wrong assessed rent amount.

Questioned Costs

None

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2018 were \$342,689.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR Section 960.259 and Board policy regarding the housing certification process.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-013

Cause

Lack of adequate oversight in the tenant certification process.

Recommendation

Management should continue to revisit and enhance the level of oversight to include periodic sampling of transactions for compliance with regulations and established policy.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-014

Federal Award Program

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

Criteria

24 CFR section 990.170 to 990.185 and 990.280(b)(4) provides guidance to calculate the utilities expense level component of eligibility for operating subsidy.

Condition

Amounts reported on Form HUD 52722 for actual consumption and costs related to electricity and water did not agree to the supporting documentation.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program were \$342,689 or 9% of the total federal awards for the year ended March 31, 2018.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-014

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 990.170 to 990.185 and 990.280(b)(4).

Cause

Lack of an effective monitoring process in place to ensure correct information is reported to HUD.

Recommendation

Management should ensure that all information reported agree to the supporting data in the **Authority** records.

Current Status

Unresolved. See current year's finding reference number 2019-008.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-015

Federal Award Program

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

Criteria

24 CFR section 990.125 provides guidance in the determination of "eligible" units **the Authority** may claim and receive operating subsidy.

Condition

No supporting documentation provided for occupied dwelling units, new units, units due to casualty losses, vacant units, payment in lieu of taxes (pilot), and special provision for calculation of utilities expense level. Also, the incorrect amount was reported for audit cost in comparison to supporting documentation for Form HUD 52723.

It is our understanding that management was afforded an opportunity and responded to the referenced conditions with HUD.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program were \$342,689 or 9% of the total federal awards for the year ended March 31, 2018.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-015

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 990.125.

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.

Current Status

Unresolved. See current year's finding reference number 2019-008.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number

2018-016

Federal Award Program

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

Criteria

24 CFR section 905.600 requires **the Authority** to record a Declaration of Trust on all property acquired and/or to be developed.

Condition

The Declaration of Trust has been executed and completed by **the Authority**, but not recorded on public record as of March 31, 2018.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program were \$342,689 or 9% of the total federal awards for the year ended March 31, 2018.

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 905.600.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

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

Reference Number, Continued

2018-016

Cause

Lack of an effective monitoring process in place to ensure compliance with HUD regulation.

Recommendation

Management should ensure that a Declaration of Trust is filed for all property acquired, improved and modernized.

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2019

Section V - HUD Compliance Monitoring and Review Report

In a transmittal letter dated August 22, 2017, HUD provided **the Authority** the results of its Compliance Monitoring Review covering the period from April 1, 2016 through March 31, 2017.

Further, in a letter dated July 11, 2018, HUD provided the results of a Compliance Monitoring Review covering the period from May 15, 2018 through May 18, 2018.

Current Status

Management has and continues to address the matters referenced in the report.

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

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA -- Partner
Mr. Clyde Hunter, CPA -- Senior
Mr. Jeremy Buffington -- Staff
Mr. Mark Woods, Jr. -- Staff

*Primary contact for the corrective planned actions.



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

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

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

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, 2019, 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 over financial reporting in our report dated September 28, 2019. This letter does not affect our report dated September 28, 2019 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
2019

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

Reference Number

OM 2019-001

Criteria

Management is responsible for the management of a financial plan to ensure the fiscal viability of all programs.

Condition

The Authority has an overall net deficit in its Housing Choice Voucher Program at March 31, 2019 of \$(89,748) between its restricted and unrestricted net positions compared to the March 31, 2018 balance of \$(224,312).

Questioned Costs

None.

Context

Housing Choice Voucher Program total federal award expended for the year ended March 31, 2019 were \$3,382,220.

Effect or Potential Effect

The Authority's inability to align its administrative fee to the cost associated with management of the Housing Choice Voucher Program.

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

Current Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-001

Cause

Administrative fee funding level provided by HUD does not match the cost associated with the management of the Housing Choice Voucher Program.

Recommendation

Management should continue its strategy of cost containment and explore other avenues aimed at the management of the deficit.

Management's Response and Planned Corrective Action

The Authority's analysis suggests that from the point of the waiting list to the actual signing of a contract, the costs incurred are never recovered by **the Authority**. Such cost include processing, inspections, and re-inspections. Management believes that some relief is available with the new HUD regulations, which allows triennial re-certification and inspections, perhaps freeing resources to decrease the deficit.

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

Current Year's Other Matters, Continued
2019

Reference Number

OM 2019-002

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

The Authority currently manages portability vouchers for various housing authorities.

At March 31, 2019, management is unable to support the completeness in recorded portability receivables of \$120,013. Our discussions with the housing authority with the most significant receivable revealed on-going discussions between both agencies to resolve the receivable outstanding. Further, it is our understanding that the housing authority referenced above has requested additional data in order to verify the completeness of the obligation.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2019 for the Housing Choice Voucher Program were \$3,382,220.

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

Current Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-002

Effect or Potential Effect

The Authority's current size and structure provide for an environment that is not conducive to an adequate oversight in financial transactions.

Cause

Programmatic challenges between the Authority and other housing authorities, continue to impact the timely resolution of all outstanding receivables.

Recommendation

Management should continue review of its current processes and address at a minimum the following:

- 1) Ensure the timely and accurate billing for all portability activities.
- 2) Establish a complete subsidiary ledger for all portability transactions.
- 3) Reconcile all portability transactions on a monthly basis.
- 4) Reflect on the general ledger the impact of steps 1-3 listed above.

Management's Response and Planned Corrective Action

Management has established written procedures for reconciling port- in payments monthly. Authorities that are billed will be sent statements no later than the 15th of each month. A subsidiary ledger has been established for all port activity.

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

Current Year's Other Matters, Continued
2019

Reference Number

OM 2019-003

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

Our review of selected employee files for payroll transactions executed during the month of December 2018 (month judgementally selected for testing) revealed a variance in the worked hours reflected on the timesheet for thirty-two (32) hours and the amount paid of twenty-four (24) hours .

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2019 were \$3,955,643.

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

Current Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-003

Effect of Potential Effect

Potential underpayment of employees.

Cause

Unable to determine the cause for the referenced condition.

Recommendation

Management should enhance its review of employee payroll for completeness prior to the final disbursement.

Management's Response and Planned Corrective Action

Management has revised its current practice to ensure completeness in payroll processing to minimize, if not, eliminate the potential for the referenced condition.

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

Current Year's Other Matters, Continued
2019

Reference Number

OM 2019-004

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

The Authority has no documented State Civil Service approvals, where applicable for its current employees

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2019 were \$3,955,643.

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

Current Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-004

Effect of Potential Effect

Potential noncompliance with the requirements of Civil Service procedures.

Cause

Unable to determine the cause for the referenced condition.

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 and the Board of **the Authority** are currently evaluating the referenced condition.

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

Current Year's Other Matters, Continued
2019

Reference Number

OM 2019-005

Criteria

Management of **the Authority** is responsible for compliance with the annual certification requirements in its "SEMAP" certification report.

Condition

Our review of the SEMAP certification report submitted for the fiscal year ended March 31, 2019 revealed the following conditions:

- o The response to indicator #1 (selection from waiting list) was incorrect based on the supporting documents on file and provided to us.
- o The response to indicator #6 (Housing Quality Standards Enforcement) was incorrect based on the supporting documents on file and provided to us.
- o The response to indicator 7b, 7c, 7e and 7f (Expanding Housing Opportunities) was incorrect based on the supporting documents on file and provided to us.

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2019 for the Housing Choice Voucher Program were \$3,382,220.

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

Current Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-005

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations.

Cause

Unable to determine.

Recommendation

Management should revisit with its responses to the referenced indicators for completeness in future submissions.

Management's Response and Planned Corrective Action

Management will continue to provide staff with the necessary level of oversight to ensure completeness in future submitted "SEMAP" reports.

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

Current Year's Other Matters, Continued
2019

Reference Number

OM 2019-006

Criteria

Management of **the Authority** is responsible for ensuring compliance with Board policy regarding the approval of utility allowance schedules to include retention of all supporting documents.

Condition

We were unable to review for completeness based on supporting documents provided, the utility allowance schedule approved by the Board for fiscal year ended March 31, 2019.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2019 were \$3,955,643.

Effect or Potential Effect

Noncompliance with Board policy and HUD.

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

Current Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-006

Cause

Staff's lack of compliance with established retention policy.

Recommendation

We recommend that management provide additional training with staff to stress the importance of document retention practices to ensure compliance with Board policy.

Management's Response and Planned Corrective Action

Management will ensure that all back-up documentation to support calculation of utility allowance schedule is provided.

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

Current Year's Other Matters, Continued
2019

Reference Number

OM 2019-007

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

A review of **the Authority's** policies and procedures manual revealed where there are no written policies and procedures for bank account reconciliation and prepaid insurance.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2019 were \$3,955,643.

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

Current Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-007

Effect of Potential Effect

Potential for the application of inconsistent practices.

Cause

Unable to determine the cause for the referenced condition.

Recommendation

Management should develop a policy to require the periodic review, update to include preparation of new policies and procedures applicable to **the Authority's** operations.

Management's Response and Planned Corrective Action

Management will develop the necessary policies and procedures for board approval by no later than November 30, 2019.

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

Current Year's Other Matters, Continued
2019

Reference Number

OM 2019-008

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

Our review of the December 2018 "VMS" report filed revealed variances between the report and supporting documents in the areas of portable vouchers paid, all other vouchers, port-in, net restricted position, etc.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2019 were \$3,955,643.

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

Current Year's Other Matters, Continued
2019

Reference Number, Continued

OM 2019-008

Effect of Potential Effect

Potential noncompliance with the monthly report requirements of the Authority's Housing Choice Voucher Program.

Cause

Unable to determine the cause for the referenced condition.

Recommendation

Management should revisit with its external reporting process and consider a revision that addresses the completeness in submitted reports.

Management's Response and Planned Corrective Action

Management will continue to evaluate the completeness in its submitted reports to include adequate documentation of the basis for variances, if any.

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

Prior Year's Other Matters
2018

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

Reference Number

OM 2018-001

Criteria

Management is responsible for the management of a financial plan to ensure the fiscal viability of all programs.

Condition

The Authority has an overall net deficit in its Housing Choice Voucher Program at March 31, 2018 of \$224,312 between its restricted and unrestricted net positions.

This condition is similar to a prior year's other matter reference number OM 2017-002.

Questioned Costs

None.

Context

Total Housing Choice Voucher Program expended for the year ended March 31, 2018 were \$3,711,545.

Effect or Potential Effect

The Authority's inability to align the administrative fee to the cost associated with management of the Housing Choice Voucher Program

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

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-001

Cause

Administrative fee funding level provided by HUD does not match the cost associated with the management of the Housing Choice Voucher Program.

Recommendation

Management should continue to explore avenues aimed at the management of the deficit.

Current Status

Unresolved. See current year's other matter reference number OM 2019-001.

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

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-002

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

The Authority manages portability vouchers with various housing authorities. However, **the Authority's** current processes do not allow for the complete and accurate accounting for all portability activities.

At March 31, 2018, management is unable to support the completeness in recorded portability receivables of \$213,620. Our audit confirmation requests resulted in one (1) response of which the housing authority requested additional data in order to verify the completeness of the obligation.

This condition is similar to a prior year's other matter reference number OM 2017-003.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2018 were \$3,711,545.

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

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-002

Effect or Potential Effect

The Authority's current size and structure provide for an environment that is not conducive to an adequate oversight in financial transactions.

Cause

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

Recommendation

Management should review its current processes and address at a minimum the following:

- 1) Ensure the timely and accurate billing for all portability activities.
- 2) Establish a subsidiary ledger for all portability transactions.
- 3) Reconcile all portability transactions on a monthly basis.
- 4) Reflect on the general ledger the impact of steps 1-3 listed above.

Follow-up on open confirmations to resolve the completeness in recorded portability receivable balance.

Current Status

Partially resolved. See current year's other matter reference number OM 2019-002.

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

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-003

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

Our review of employee files for payroll transactions executed during the month of January 2018 (month judgementally selected for testing) revealed no documented State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications. However, we noted management's maintenance of approved pay rates for all employee on file.

This condition is similar to a prior year's finding reference number OM 2017-004.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2018 were \$3,711,545.

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

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-003

Effect of Potential Effect

Potential noncompliance with the requirements of Civil Service procedures.

Cause

Unable to determine the cause for the referenced condition.

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.

Current Status

Unresolved. See current year's other matter referenced number OM 2019-004.

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

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-004

Criteria

HUD regulation addresses the criteria for occupancy in public housing units.

Condition

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

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2018 were \$3,711,545.

Effect or Potential Effect

Noncompliance with regulations regarding occupancy requirements in public housing units by employees.

Cause

Occupancy by two employees without the benefit of tenancy requirements.

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

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-004

Recommendation

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

Current Status

Resolved due to the date of the finding (2008).

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

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-005

Criteria

The Authority's policy requires an updated annual utility rate allowance.

Condition

In four (4) of six (6) Low Rent Public Housing tenant files reviewed, we noted the use of a utility allowance rate which differed from the Board adopted rates.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2018 were \$3,711,545.

Effect or Potential Effect

The incorrect rates as used to determine rent amounts beyond the established minimum rent of \$50, may potentially impact the amount of rent assessed and paid by tenants under the referenced condition.

Cause

The level of supervisory oversight afforded to the program section personnel.

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

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-005

Recommendation

We recommend that management consider the need for periodic sampling of completed files to ensure completeness.

Current Status

Resolved.

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

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-006

Criteria

Management of **the Authority** is responsible for compliance with the sampling requirements in its "SEMAP" certification.

Condition

For the SEMAP Certification report, **the Authority** selected eleven (11) instead of thirteen (13) files as dictated by the SEMAP Certification instructions.

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2018 were \$3,711,545.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations.

Cause

Miscalculation of sample size.

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

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-006

Recommendation

Management should revisit with the sampling requirements of its SEMAP Certification process.

Current Status

Resolved.

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

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-007

Criteria

Management of **the Authority** is responsible for ensuring compliance with its policy regarding unit inspections.

Condition

For three (3) of six (6) Low Rent Public Housing Program tenant files reviewed, there were no documented evidence to support the performance of the required unit inspections as dictated by management.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2018 were \$3,711,545.

Effect or Potential Effect

Noncompliance with Board policy.

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

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-007

Cause

Lack of an effective quality control process in place to ensure compliance with established board policy.

Recommendation

We recommend that management and the Board continue to provide the level of oversight to include practices such as sampling of transactions to ensure compliance with Board policy.

Current Status

Partially resolved.

**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

September 28, 2019

HOUSING AUTHORITY OF THE CITY OF SLIDELL
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED MARCH 31, 2019



Member
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Society of Louisiana
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Alcide J. Tervalon, Jr., CPA
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**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by **Housing Authority of the City of Slidell (the Authority)** and the Louisiana Legislative Auditor on the control and compliance areas identified by the Louisiana Legislative Auditor to address the requirements of Act 774 of the 2014 Regular Legislative Session, as amended (AUP) for the year ended March 31, 2019. **The Authority's** management is responsible for those compliance and control areas identified in the AUP.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

The procedures and related findings to the AUP are as follows:

Board (follow-up)

1. Procedures

We obtained and inspected the board/finance committee minutes for the year ended March 31, 2019, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the year ended March 31, 2019.

- a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Finding

The result of our review of the minutes provided to us revealed where the board of Commissioners met with a quorum pursuant to its bylaws during the year ended March 31, 2019, for a total of seven (7) times. The content of the minutes to include the agenda, evidenced discussions of the Authority's financial statements and related program activities.

Management's Response

The Authority will continue to strive for a quorum to facilitate monthly board meetings.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (follow-up)

2. Procedures

- a) We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the year ended March 31, 2019, including the card numbers and the names of the persons who maintained possession of the cards. Also, we obtained management's representation that the listing is complete.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards/Debit Cards/Fuel Cards/P-Cards (follow-up), Continued

2. Procedures, Continued

- b) Using the listing prepared by management, we randomly selected all cards that were used during the year ended March 31, 2019. We randomly selected one (1) monthly statement or combined statement for each of the four (4) cards, used and obtained supporting documentation, and:
 - b1) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage, where applicable) was reviewed and approved, in writing, by someone other than the authorized card holder.

Finding

No exceptions noted.

- b2) Observed that finance charges and late fees were not assessed on the selected statements.

Finding

No exceptions noted.

Bank Reconciliations

3. Procedures

- a) We obtained a listing of **the Authority's** written policies and procedures over bank reconciliations and observed that they addressed (1) monthly bank statement reconciliations, (2) review of all bank reconciliations by someone independent of cash receipt and disbursement functions, and (3) process for addressing items outstanding for more than 12 months from the statement closing date, if applicable.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Bank Reconciliations, Continued

3. Procedures, Continued

Finding

The Authority does not have specific written policies as it relates to its bank account reconciliation process. The Authority uses the bank account reconciliation module in its "PHA-WEB" software system. As a practice, all bank account reconciliations are performed by an individual without cash receipts and/or disbursements responsibilities.

Management's Response

Management will revisit with its existing written policies and procedures to incorporate some of the attributes listed in the procedures for bank reconciliations.

b) Obtained a listing of **the Authority's** bank accounts for the year ended March 31, 2019 from management and management's representation that the listing is complete. Asked management to identify **the Authority's** main operating account. Selected **the Authority's** main operating account and remaining additional accounts. We randomly selected one (1) month from the year ended March 31, 2019, obtained and inspected the corresponding bank statements and reconciliations for each selected account, and observed that:

- b1) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g. initialed and dated, electronically logged);

Finding

Noted no documented written evidence to support the timely reconciliation and review within two (2) months of the related statement(s) closing date(s).

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Bank Reconciliations, Continued

3. Procedures, Continued

Management's Response

Management will revisit with its current practice and document as a part of its monthly financial reporting process, evidence to support the timely preparation of all bank account reconciliations.

- b2) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

Finding

Noted no documented written evidence to support review of each bank reconciliation beyond the level of the preparer.

Management's Response

Management will revisit with its current practice as a part of its monthly financial reporting process, to facilitate documented evidence of its review of all bank account reconciliations.

- b3) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Collections

4. Procedures

- a) We obtained and inspected **the Authority's** written policies and procedures over collections and observed that they addressed, receiving, recording, and preparing deposits. Also, policies and procedures included management's actions to determine the completeness of all collections for each type of revenue.

Finding

No exceptions noted.

- b) Obtained a listing of deposit sites for the year ended March 31, 2019 where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected **the Authority's** only deposit site.

Finding

No exceptions noted.

- c) For the deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected the collection location for the deposit site, obtained and inspected written policies and procedures relating to employee job duties at the collection location, and observed that job duties are properly segregated at each collection location such that:

- c1) Employees that are responsible for cash collections do not share cash drawers/registers.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Collections, Continued

4. Procedures, Continued

- c2) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Finding

No exceptions noted.

- c3) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Finding

No exceptions noted.

- c4) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Finding

No exceptions noted.

- d) We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Collections, Continued

4. Procedures, Continued

e) We randomly selected two deposits dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations". We obtained supporting documentation for each of the deposits and:

e1) Observed that receipts are sequentially pre-numbered.

Finding

No exceptions noted.

e2) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Finding

No exceptions noted.

e3) Traced the deposit slip total to the actual deposit per the bank statement.

Finding

No exceptions noted.

e4) Observed that the deposit was made within one business day of receipt at the collection location.

f) Traced the actual deposit per the bank statement to the general ledger.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel

5. Procedures

- a) We obtained and inspected **the Authority's** written policies and procedures over payroll/personnel and observe that they address (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Finding

No exceptions noted.

- b) We obtained a listing of employees employed during the year ended March 31, 2019 and management's representation that the listing is complete. We randomly selected five (5) employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates within the personnel files.

Finding

No exceptions noted.

- c) We randomly selected one pay period during the year ended March 31, 2019. For the five (5) employees selected under b above, we obtained attendance records and leave documentation for the pay period, and:

- c1) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel, Continued

5. Procedures, Continued

- c2) Observed that supervisors approved the attendance and leave of the selected employees/officials.

Finding

No exceptions noted.

- c3) Observed that any leave accrued or taken during the pay period is reflected in **the Authority's** cumulative leave records

Finding

No exceptions noted.

- d) We obtained a listing of those employees that received termination payments during the year ended March 31, 2019 and management's representation that the list is complete. We randomly selected two (2) employees, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee cumulative leave records, and agreed the pay rates to the employee authorized pay rates in the employee personnel files.

Finding

No exceptions noted.

- e) We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions, respectively, on those compliance and control areas identified in the AUP. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those compliance and control areas identified in the AUP, and the result of that testing, and not to provide an opinion on control or compliance. 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

September 28, 2019