Housing Authority of the City of Slidell

Financial and Compliance Audit
Together with
Independent Auditors' Report

For the Year Ended March 31, 2011

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

Release Date NOV 02 2011

Bruno & Tervalon LLP
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets - enterprise fund and the related statements of revenues, expenses and changes in fund net assets and cash flows - enterprise fund of Housing Authority of the City of Slidell (the Authority) as of and for the year ended March 31, 2011. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

The Authority was not able to resolve an interfund out of balance condition in the amount of $631,956. Further, the lack of completeness of its bank account reconciliations, analysis of housing assistance payments and net assets impacted our ability to apply sufficient auditing procedures in those areas.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the interfund activities, the completeness of cash, housing assistance payments and net assets, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2011, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2011, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance, significant deficiencies and material weaknesses.
The management’s discussion and analysis on pages 4 through 14 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2011
As management of Housing Authority of the City of Slidell (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2011. 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 $10,549,291 and $10,556,333 at March 31, 2011 and 2010 (net assets). Of these amounts, $4,314,400 and $5,100,101 at March 31, 2011 and 2010 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.

Restricted net assets were $377,716 and $-0- at March 31, 2011 and 2010.

The Authority's enterprise fund reported net assets of $10,549,291 and $10,556,333 at March 31, 2011 and 2010, a decrease in net assets of $7,042 at 2011 and an increase of $1,103,274 at 2010. These changes are primarily attributable to the financial impact of HUD's funding levels and changes in operating income.

The Authority had dwelling rental revenues of $109,129 and $84,750 for the years ended March 31, 2011 and 2010. HUD operating and capital grant revenues were $4,410,797 and $3,085,704 and non-operating revenues of $12,901 and $33,892, respectively. Total operating expenses for the years ended March 31, 2011 and 2010 were $4,290,344 and $4,302,494.
FINANCIAL HIGHLIGHTS, CONTINUED

In summary, operating and capital grants from the Federal government and dwelling rental constitutes 99.7% for 2011 and 98.9% for 2010 of the Authority's total operating revenues. Non-operating revenues for the years ended March 31, 2011 and 2010 were .3% and 1.1%, respectively.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

REPORTING ON THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances, "Is the Authority as a whole better off, or worse off, as a result of the achievements of fiscal years 2011 and 2010?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.
FUND FINANCIAL STATEMENT

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

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

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

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

**Capital Fund Program (CFP)** - The Low Rent Public Housing Program also includes the CFP as the primary funding source for the Authority's physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of the Authority's units.
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 qualified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor’s report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON THE AUTHORITY’S MOST SIGNIFICANT FUND

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

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

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

The Authority's net assets were $10,549,291 and $10,556,333 at March 31, 2011 and 2010. Of this amount, $4,314,400 and $5,100,101 was unrestricted. The unrestricted net assets of the Authority are available for future use to provide program services. Restricted net assets were $377,716 and $-0- at March 31, 2011 and 2010, respectively.

Table 1
Condensed Statement of Net Assets

The following table represents a condensed Statement of Net Assets as of March 31, 2011 and 2010:

<table>
<thead>
<tr>
<th>Assets</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$6,091,169</td>
<td>$6,603,495</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>5,857,175</td>
<td>5,456,232</td>
</tr>
<tr>
<td>Total assets</td>
<td>11,948,344</td>
<td>12,059,727</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>1,399,053</td>
<td>1,503,394</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,399,053</td>
<td>1,503,394</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net</td>
<td>5,857,175</td>
<td>5,456,232</td>
</tr>
<tr>
<td>Restricted</td>
<td>377,716</td>
<td>-0-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>4,314,400</td>
<td>5,100,101</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$10,549,291</td>
<td>$10,556,333</td>
</tr>
</tbody>
</table>
Table 2
Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets for the years ended March 31, 2011 and 2010:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$4,315,188</td>
<td>$3,118,491</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>4,315,188</td>
<td>3,118,491</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(4,290,344)</td>
<td>(4,302,494)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>(4,290,344)</td>
<td>(4,302,494)</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>24,844</td>
<td>(1,184,003)</td>
</tr>
<tr>
<td>Non-operating revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-operating revenues</td>
<td>12,901</td>
<td>33,892</td>
</tr>
<tr>
<td>Total non-operating revenues</td>
<td>12,901</td>
<td>33,892</td>
</tr>
<tr>
<td>Capital contributions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital contributions</td>
<td>204,738</td>
<td>51,963</td>
</tr>
<tr>
<td>Total capital contributions</td>
<td>204,738</td>
<td>51,963</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>242,483</td>
<td>(1,098,148)</td>
</tr>
<tr>
<td>Beginning net assets, as restated</td>
<td>10,306,808</td>
<td>11,654,481</td>
</tr>
<tr>
<td>Ending net assets</td>
<td>$10,549,291</td>
<td>$10,556,333</td>
</tr>
</tbody>
</table>
EXPLANATIONS OF FINANCIAL ANALYSIS

Overall, net assets increased by .07% from 2010 to 2011.

That change in 2011 is reflected in the decrease in cash of about 37%. Also, capital assets addition of 7.3% was due to the acquisition of equipment and renovation projects. Accounts receivable from HUD and others increased from 2010 to 2011 by 100%. The increase is due to the timing in reimbursements in operating grants and other cost.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2011 increased by $1,328,481 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from $84,750 in 2010 to $109,129 in 2011, primarily because of changes in tenant’s personal income levels which serves as a basis for tenant rent level calculation payments and the level of leased-up.

- Subsidies from HUD for the PHA Owned and Housing Choice Voucher Programs increased from $3,085,704 in 2010 to $4,410,797 in 2011 due primarily to the level of leased-up in the Voucher Program impacting its earned grant.

- Capital funds for modernization of projects increased from $51,963 in 2010 to $204,738 in 2011 as a result of funding availability from HUD.

- Non-operating revenues decreased from $33,892 in 2010 to $12,901 in 2011 as a result of varying interest rates.

Compared to the prior fiscal year, total operating expenses decreased from $4,302,494 in 2010 to $4,290,344 for the year ended March 31, 2011.
EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Reasons for most of these changes are listed below:

- Decrease in the level of housing assistance payments to landlords (from $3,349,520 during 2010 to $3,252,489 in 2011).

- A decrease in employee compensation and related benefits impacted by the termination of the previous executive director. Other changes were in the areas of contractual services, utilities, depreciation and supplies.

Overall, net assets increased by 12% from 2009 to 2010.

That change in 2010 is reflected in the decrease in cash of about 38%. Also, capital assets addition of 55% was due to the acquisition of equipment and renovation projects.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2010 decreased by $1,814,055 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues decreased from $88,887 in 2009 to $84,750 in 2010 primarily because of changes in tenant’s personal income levels which serves as a basis for tenant rent level calculation payments.

- Subsidies from HUD for the PHA Owned and Housing Choice Voucher Programs decreased from $4,878,510 in 2009 to $3,085,704 in 2010 due primarily to the level of leased-up in the Voucher Program impacting its earned grant.
EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

- Capital funds for modernization of projects increased from $25,000 in 2009 to $51,963 in 2010 as a result of funding availability from HUD.

- Non-operating revenues increased from $26,004 in 2009 to $33,892 in 2010 as a result of varying interest rates.

Compared to the prior fiscal year, total operating expenses increased from $3,556,253 in 2009 to $4,302,494 for the year ended March 31, 2010.

Reasons for most of these changes are listed below:

- Increase in the level of housing assistance payments to landlords (from $2,816,078 during 2009 to $3,349,520 in 2010).

- Inflationary impact on operating expenses (specifically employee compensation and related benefits (particularly the adoption of a retirement plan in 2010), utilities, supplies and materials) during the years ended March 31, 2010 and 2009.
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2011 and 2010, the Authority had $5,857,175 and $5,456,232 invested in a broad range of capital assets, including land, buildings and building improvements, furniture and equipment and construction in progress. This amount represents a net increase (including additions, deductions and depreciation) of $400,943.

<table>
<thead>
<tr>
<th>Capital Assets, Net</th>
<th>March 31</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and land improvements</td>
<td>$ 779,855</td>
<td>$ 779,855</td>
<td></td>
</tr>
<tr>
<td>Buildings and buildings improvements</td>
<td>7,970,269</td>
<td>4,706,306</td>
<td></td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>333,174</td>
<td>210,718</td>
<td></td>
</tr>
<tr>
<td>Automobile</td>
<td>21,743</td>
<td>21,743</td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>-0-</td>
<td>2,733,837</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9,105,041</td>
<td>8,452,459</td>
<td></td>
</tr>
</tbody>
</table>

Less accumulated depreciation expense (3,247,866) (2,996,227)

Total $5,857,175 $5,456,232

The net change in capital assets of 7.3% was primarily due to the effects of depreciation expense and write-off of assets net of additions.

See Note 4 for additional information.

No debt was issued for these additions.

Debt

The Authority has no long-term debt at March 31, 2011 and 2010.
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD for the funding of its operations; therefore the Authority is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year ending March 31, 2012 has been approval by HUD.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Executive Director, at Housing Authority of the City of Slidell, P.O. Box 1392 Slidell, LA 70459-1392 telephone number (985) 726-9000.
HOU\'SING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF NET ASSETS- ENTERPRISE FUND
MARCH 31, 2011

ASSETS

Current Assets:
- Cash and temporary cash investments (NOTE 5) $3,797,122
- Restricted cash (NOTE 6) 398,237
- Amounts receivable, net (NOTE 2) 1,240,953
- Prepaid item (NOTE 3) 22,901
- Due from other funds, net 631,956
  Total current assets 6,091,169

Non-current assets:
- Capital assets, net (NOTES 4 and 12) 5,857,175
  Total non-current assets 5,857,175

Total assets 11,948,344

LIABILITIES

Current Liabilities:
- Advances, net -0- 30,685
- Amounts and other payables (NOTE 7) 88,521 -0-
- Compensated absences payable (NOTE 13) 5,866 1,600
- Deferred revenues (NOTE 17) 1,284,145 -0-
- Security deposits held for tenants (NOTE 6) 20,521 -0-
  Total current liabilities 1,399,053 32,285

Non-current liabilities:
- Total non-current liabilities -0- -0-

Total liabilities 1,399,053 32,285

NET ASSETS

Net Assets:
- Invested in capital assets, net of related debt 5,857,175 -0-
- Restricted 377,716 12,945
- Unrestricted 4,314,400 (45,230)
  Total net assets (deficit) $10,549,291 $(32,285)

The accompanying notes are an integral part of the financial statements.
HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS—ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2010

<table>
<thead>
<tr>
<th>Description</th>
<th>PRIMARY UNIT</th>
<th>COMPONENT UNIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUD operating grants</td>
<td>$3,870,847</td>
<td>$433,189</td>
</tr>
<tr>
<td>Administrative fees earned</td>
<td>335,212</td>
<td>46,529</td>
</tr>
<tr>
<td>Dwelling rental</td>
<td>109,129</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>4,215,188</strong></td>
<td><strong>479,718</strong></td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>242,988</td>
<td>20,134</td>
</tr>
<tr>
<td>Materials and other</td>
<td>7,117</td>
<td>-0-</td>
</tr>
<tr>
<td>Contractual services</td>
<td>273,264</td>
<td>19,894</td>
</tr>
<tr>
<td>Utilities</td>
<td>89,185</td>
<td>462</td>
</tr>
<tr>
<td>Depreciation</td>
<td>251,639</td>
<td>1,953</td>
</tr>
<tr>
<td>Insurance</td>
<td>91,137</td>
<td>463,659</td>
</tr>
<tr>
<td>Housing assistance payments</td>
<td>3,252,489</td>
<td>1,462</td>
</tr>
<tr>
<td>Equipment expense</td>
<td>440</td>
<td>-0-</td>
</tr>
<tr>
<td>Convention and travel</td>
<td>15,829</td>
<td>977</td>
</tr>
<tr>
<td>Telephone</td>
<td>13,130</td>
<td>-0-</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>12,040</td>
<td>-0-</td>
</tr>
<tr>
<td>Portability fees</td>
<td>-0-</td>
<td>1,806</td>
</tr>
<tr>
<td>Supplies</td>
<td>15,220</td>
<td>590</td>
</tr>
<tr>
<td>Postage</td>
<td>6,835</td>
<td>557</td>
</tr>
<tr>
<td>Tenant services</td>
<td>1,599</td>
<td>-0-</td>
</tr>
<tr>
<td>Member dues and fees</td>
<td>2,540</td>
<td>208</td>
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<tr>
<td>Bank charges</td>
<td>7,635</td>
<td>-0-</td>
</tr>
<tr>
<td>Advertising</td>
<td>2,545</td>
<td>-0-</td>
</tr>
<tr>
<td>General</td>
<td>4,712</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>4,290,354</strong></td>
<td><strong>511,730</strong></td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>24,844</td>
<td>(32,012)</td>
</tr>
<tr>
<td>Non-operating revenues (loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>8,567</td>
<td>-0-</td>
</tr>
<tr>
<td>Other</td>
<td>4,334</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total non-operating revenues</strong></td>
<td><strong>12,901</strong></td>
<td>-0-</td>
</tr>
<tr>
<td>Capital contributions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUD capital grants</td>
<td>204,738</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total capital contributions</strong></td>
<td><strong>204,738</strong></td>
<td>-0-</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>242,483</td>
<td>(32,012)</td>
</tr>
<tr>
<td>Net assets, beginning of year, as restated (NOTE 15)</td>
<td>10,306,808</td>
<td>(273)</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$10,549,291</td>
<td>$(32,285)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
## Statement of Cash Flows—Enterprize Fund

For the Year Ended March 31, 2011

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities</th>
<th>PRIMARY UNIT</th>
<th>COMPONENT UNIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating grants</td>
<td>$2,965,109</td>
<td>$ 476,801</td>
</tr>
<tr>
<td>Receipt from tenants</td>
<td>109,129</td>
<td>-0-</td>
</tr>
<tr>
<td>Receipt of advances</td>
<td>-0-</td>
<td>34,929</td>
</tr>
<tr>
<td>Payments to suppliers for goods and services</td>
<td>(841,503)</td>
<td>(27,937)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(239,434)</td>
<td>(20,134)</td>
</tr>
<tr>
<td>Payments to landlords</td>
<td>(3,252,489)</td>
<td>(463,659)</td>
</tr>
</tbody>
</table>

Net cash used by operating activities (1,259,188) -0-  

<table>
<thead>
<tr>
<th>Cash Flows from Capital and Related Financing Activities</th>
<th>PRIMARY UNIT</th>
<th>COMPONENT UNIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets, net</td>
<td>(651,721)</td>
<td>-0-</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>204,738</td>
<td>-0-</td>
</tr>
</tbody>
</table>

Net cash used by capital and related financing activities (446,983) -0-  

Net increase (decrease) in cash and temporary cash investments (1,706,171) -0-  

Cash and temporary cash investments, beginning of year 5,901,530 -0-  

Cash and temporary cash investments, end of year $4,195,359 $-0-  

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, 2011

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

Operating income (loss) $ 24,844 $(32,012)

Adjustments to reconcile operating loss to cash used by Operating activities:

Depreciation 251,639 -0-
Bad debt expense 12,040 -0-
Adjustments to beginning net assets (249,525) -0-

Changes in net assets and liabilities:

Increase in advances, net 32,012
Increase in prepaid item (9,612) -0-
Decrease in amounts and other payables (131,391) -0-
Decrease (increase) in interprogram due from, net 56,720 -0-
Increase in deferred revenues 9,750 -0-
Increase (decrease) in compensated absences payable 1,600 -0-
Increase in security deposits 15,700 -0-
Increase in accounts receivable (1,240,953) -0-

Net cash used by operating activities $(1,259,188) $-0-

The accompanying notes are an integral part of 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, 2011, the Authority was primarily engaged in the administration of Low-Income, Housing Choice Voucher and Disaster Assistance Housing Programs to low-income residents in the City of Slidell and the Town of Pearl River, Louisiana.

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

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.
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.
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.
Land, Structures and Equipment

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

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

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

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

<table>
<thead>
<tr>
<th>Assets</th>
<th>Estimated Useful Lives in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>40</td>
</tr>
<tr>
<td>Building improvements</td>
<td>20</td>
</tr>
<tr>
<td>Equipment</td>
<td>3-7</td>
</tr>
</tbody>
</table>

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, 2010, 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”.

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

Compensated Absences

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

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

Total Memorandum Only

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

Budgets

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

The Authority does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Authority’s Board of Commissioners.
NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

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

Estimates

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

NOTE 2 - Amounts Receivable, Net:

Amounts receivable as of March 31, 2011 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Capital Fund Program</th>
<th>Housing Choice Program</th>
<th>Low Rent Public Housing Program</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant accounts receivable</td>
<td>$ -0-</td>
<td>$ 15,547</td>
<td>$ -0-</td>
<td>$ 15,547</td>
</tr>
<tr>
<td>Operating and capital grants</td>
<td>7,000</td>
<td>923,925</td>
<td>267,815</td>
<td>1,198,740</td>
</tr>
<tr>
<td>Other Housing Authorities</td>
<td>-0-</td>
<td>25,913</td>
<td>-0-</td>
<td>25,913</td>
</tr>
<tr>
<td>Other</td>
<td>-0-</td>
<td>-0-</td>
<td>16,300</td>
<td>16,300</td>
</tr>
<tr>
<td>Sub-total</td>
<td>7,000</td>
<td>965,835</td>
<td>284,115</td>
<td>1,256,500</td>
</tr>
<tr>
<td>Less allowance for doubtful accounts</td>
<td>-0-</td>
<td>(15,547)</td>
<td>-0-</td>
<td>(15,547)</td>
</tr>
<tr>
<td>Total</td>
<td>$7,000</td>
<td>$949,838</td>
<td>$284,115</td>
<td>$1,240,953</td>
</tr>
</tbody>
</table>
NOTE 3 - **Prepaid Item:**

Prepaid asset at March 31, 2011, consisted of prepaid insurance of $22,901.

NOTE 4 - **Land, Structures and Equipment:**

At March 31, 2011, land, structures and equipment consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance April 1, 2010</th>
<th>Addition</th>
<th>Other</th>
<th>Balance March 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and land improvements</td>
<td>$779,855</td>
<td>-0-</td>
<td>-0-</td>
<td>$779,855</td>
</tr>
<tr>
<td>Building and building improvements</td>
<td>4,706,306</td>
<td>223,466</td>
<td>3,040,497</td>
<td>7,970,269</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>210,718</td>
<td>128,869</td>
<td>(6,413)</td>
<td>333,174</td>
</tr>
<tr>
<td>Automobile</td>
<td>21,743</td>
<td>-0-</td>
<td>-0-</td>
<td>21,743</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>2,733,837</td>
<td>307,110</td>
<td>(3,040,947)</td>
<td>-0-</td>
</tr>
<tr>
<td>Sub-total</td>
<td>8,452,459</td>
<td>659,445</td>
<td>(6,863)</td>
<td>9,105,041</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(2,996,227)</td>
<td>(251,639)</td>
<td>-0-</td>
<td>(3,247,866)</td>
</tr>
<tr>
<td>Total</td>
<td>$5,456,232</td>
<td>$407,806</td>
<td>$6,863</td>
<td>$5,857,175</td>
</tr>
</tbody>
</table>

NOTE 5 - **Cash and Temporary Cash Investment:**

At March 31, 2011, the carrying amount of the Authority's deposits was $3,797,122 and the bank balance was $3,859,178. Of this amount $250,000 was covered by federal depository insurance and $5,321,406 collateralized by a pledge of securities in the joint name of the Authority and the financial institution.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, the Authority's deposits may not be returned to it. The Authority has no deposit policy for custodial credit risk.
NOTE 5 - Cash and Temporary Cash Investment, Continued:

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

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

On and at various times during the year ended March 31, 2011 deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

At March 31, 2011, cash and temporary cash investment consisted of the following:

<table>
<thead>
<tr>
<th>Program</th>
<th>Demand deposits</th>
<th>Sweep account</th>
<th>Savings account</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Rent Disaster</td>
<td>$307,513</td>
<td>976,120</td>
<td>1,219,142</td>
<td>$2,502,775</td>
</tr>
<tr>
<td>Public Housing Program</td>
<td>$0</td>
<td>1,294,347</td>
<td>-0</td>
<td>$1,294,347</td>
</tr>
<tr>
<td>Housing Assistance Program</td>
<td>$0</td>
<td>2,270,467</td>
<td>1,219,142</td>
<td>$3,797,122</td>
</tr>
</tbody>
</table>

Interest Rate at Maturity: Varying, Daily.
NOTE 6 - Restricted Cash:

At March 31, 2011, restricted cash consisted of $20,521 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

Also, included in restricted cash is $377,716 of housing assistance payments (HAP) reserved for future HAP payments. See NOTE 18 for additional discussion.

The total restricted cash of $398,237 represents the carrying amount and bank balance at March 31, 2011. Further, the amount is collateralized as previously described in NOTE 5.

NOTE 7 - Amounts and Other Payables:

Amounts and other payables at March 31, 2011, consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>PHA Owned Housing Program</th>
<th>Capital Fund Program</th>
<th>Voucher Program</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable-vendors</td>
<td>$44,202</td>
<td>$2,500</td>
<td>$ -0-</td>
<td>$46,702</td>
</tr>
<tr>
<td>Accounts payable-other</td>
<td>23,470</td>
<td>-0-</td>
<td>-0-</td>
<td>23,470</td>
</tr>
<tr>
<td>Salaries payable</td>
<td>2,740</td>
<td>-0-</td>
<td>5,593</td>
<td>8,333</td>
</tr>
<tr>
<td>Federal &amp; State taxes payable</td>
<td>9,127</td>
<td>-0-</td>
<td>-0-</td>
<td>9,127</td>
</tr>
<tr>
<td>Other withholdings payable</td>
<td>889</td>
<td>-0-</td>
<td>-0-</td>
<td>889</td>
</tr>
<tr>
<td>Total</td>
<td>$80,428</td>
<td>$2,500</td>
<td>$5,593</td>
<td>$88,521</td>
</tr>
</tbody>
</table>

NOTE 8 - Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; for which the Authority carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.
NOTE 9 - Concentration of Credit Risk:

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

NOTE 10 - Contingencies:

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

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

HUD approved the merger of the Pearl River Voucher program with the Authority effective November 30, 2010.

NOTE 12 - Commitments:

At March 31, 2011, the Authority has executed agreements with HUD totaling $1,266,444 for various modernization, capital fund acquisitions and management improvement projects. Balance of funds remaining at March 31, 2011 was $917,961 (See Schedules IV and V).

NOTE 13 - Compensated Absences Payable:

Compensated absences payable at March 31, 2010 of $5,866 represents unpaid accrued vacation earned by employees.

NOTE 14 - Per Diem to Board Members:

During the year ended March 31, 2011, no board member received per diem in his or her capacity as a commissioner.
NOTE 15 - Restatement of Beginning Net Assets:

Net assets at the beginning of the year has been restated to properly account for the effect of transactions resulting from an analysis and reconciliation of restricted net assets from 2005 through December 31, 2009.

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 interrupted 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, 2011, $5,312 had been contributed by the Authority.

NOTE 17 Deferred Revenues:

At March 31, 2011 deferred revenues primarily represents funds advanced to the Authority for the Disaster Housing Assistance Program.

NOTE 18 - Restricted Net Assets:

At March 31, 2011 restricted net assets represent funds restricted to future payments on housing assistance payments.
SUPPLEMENTARY INFORMATION
INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION

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

Our report on our audit of the March 31, 2011, financial statements of Housing Authority of the City of Slidell (the Authority) appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements. Except for the effects of adjustments, if any, as might have been determined to be necessary resulting from resolution of the issues related to interfund and housing assistance payments, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, IV and V) which is required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Except for the effects of adjustments, if any, as might have been determined to be necessary resulting from the resolution of the issues affecting cash, interfund, housing assistance payments and net assets, Schedules II, III, IV and V are fairly stated in all material respects in the relation to the financial statements taken as a whole.
Also, the supplementary information (Exhibits I and II), which are prepared in accordance with accounting principles generally accepted in the United States of America, has been subjected to the procedures applied in the audit of the financial. Except for the effects of adjustments, if any, as might have been determined to be necessary, Exhibits I and II are fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2011
## HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF NET ASSETS—ENTERPRISE FUND
MARCH 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>Operating Fund Program</th>
<th>Capital Fund Program</th>
<th>Sub-total</th>
<th>Housing Choice Voucher Program</th>
<th>Disaster Housing Assistance Program</th>
<th>Sub-total</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$2,502,775</td>
<td>$0</td>
<td>$2,502,775</td>
<td>$0</td>
<td>$1,294,347</td>
<td>$1,294,347</td>
<td>$3,797,122</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>20,521</td>
<td>-0</td>
<td>20,521</td>
<td>377,716</td>
<td>0.0</td>
<td>0.0</td>
<td>398,237</td>
</tr>
<tr>
<td>Accounts receivable - HUD</td>
<td>267,815</td>
<td>7,000</td>
<td>274,815</td>
<td>923,925</td>
<td>0.0</td>
<td>0.0</td>
<td>1,198,840</td>
</tr>
<tr>
<td>Accounts receivable - Other</td>
<td>16,300</td>
<td>-0</td>
<td>16,300</td>
<td>25,913</td>
<td>0.0</td>
<td>0.0</td>
<td>42,213</td>
</tr>
<tr>
<td>Prepaid item</td>
<td>19,744</td>
<td>-0</td>
<td>19,744</td>
<td>3,157</td>
<td>0.0</td>
<td>0.0</td>
<td>22,901</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>8,892,472</td>
<td>-0</td>
<td>8,892,472</td>
<td>6,574,769</td>
<td>0.0</td>
<td>0.0</td>
<td>15,467,241</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>5,674,883</td>
<td>182,292</td>
<td>5,857,175</td>
<td>1,294,347</td>
<td>0.0</td>
<td>0.0</td>
<td>6,857,175</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>17,394,510</td>
<td>189,292</td>
<td>17,583,802</td>
<td>7,905,480</td>
<td>1,294,347</td>
<td>9,199,827</td>
<td>26,783,629</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts and other payables</td>
<td>80,428</td>
<td>2,500</td>
<td>82,928</td>
<td>5,593</td>
<td>0.0</td>
<td>0.0</td>
<td>88,521</td>
</tr>
<tr>
<td>Compensated absences payable</td>
<td>2,469</td>
<td>-0</td>
<td>2,469</td>
<td>3,397</td>
<td>0.0</td>
<td>0.0</td>
<td>5,866</td>
</tr>
<tr>
<td>Security deposits held for tenants</td>
<td>20,521</td>
<td>-0</td>
<td>20,521</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>20,521</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>1,150</td>
<td>-0</td>
<td>1,150</td>
<td>0.0</td>
<td>1,282,995</td>
<td>1,282,995</td>
<td>1,284,145</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>6,670,610</td>
<td>4,500</td>
<td>6,675,110</td>
<td>8160,175</td>
<td>0.0</td>
<td>0.0</td>
<td>14,835,285</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>6,775,178</td>
<td>7,000</td>
<td>6,782,178</td>
<td>8,169,165</td>
<td>1,282,995</td>
<td>9,452,160</td>
<td>16,234,338</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net</td>
<td>5,674,883</td>
<td>182,292</td>
<td>5,857,175</td>
<td>-0</td>
<td>-0</td>
<td>-0</td>
<td>5,857,175</td>
</tr>
<tr>
<td>Restricted</td>
<td>-0</td>
<td>-0</td>
<td>-0</td>
<td>377,716</td>
<td>0.0</td>
<td>0.0</td>
<td>377,716</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>4,944,449</td>
<td>-0</td>
<td>4,944,449</td>
<td>(641,461)</td>
<td>11,352</td>
<td>(630,049)</td>
<td>4,314,400</td>
</tr>
<tr>
<td><strong>Total net assets (deficit)</strong></td>
<td>$10,619,332</td>
<td>$182,292</td>
<td>$10,801,624</td>
<td>$(263,685)</td>
<td>$11,352</td>
<td>$(252,333)</td>
<td>$10,549,291</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.

32
### Exhibit II

**Housing Authority of the City of Slidell**

**Slidell, Louisiana**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets—Enterprise Fund**

**For the Year Ended March 31, 2011**

<table>
<thead>
<tr>
<th>Operating Fund</th>
<th>Capital Fund</th>
<th>Sub-total</th>
<th>Housing Choice Voucher Program</th>
<th>Disaster Housing Assistance Program</th>
<th>Sub-total</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
<td>Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwelling rental</td>
<td>$ 109,129</td>
<td>-0-</td>
<td>$109,129</td>
<td>$ -0-</td>
<td>$ -0-</td>
<td>$ -0-</td>
</tr>
<tr>
<td>HUD operating grants</td>
<td>512,815</td>
<td>-0-</td>
<td>512,815</td>
<td>3,358,032</td>
<td>-0-</td>
<td>3,358,032</td>
</tr>
<tr>
<td>Administrative fees earned</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>323,860</td>
<td>11,352</td>
<td>335,212</td>
</tr>
</tbody>
</table>

**Total operating revenues**

<table>
<thead>
<tr>
<th></th>
<th>621,944</th>
<th>-0-</th>
<th>621,944</th>
<th>3,681,892</th>
<th>11,352</th>
<th>3,693,244</th>
<th>4,315,188</th>
</tr>
</thead>
</table>

| **Operating Expenses:** |            |           |                                 |                                   |           |                          |
|-------------------------|------------|-----------|--------------------------------|                                   |           |                          |
| Salaries and employee benefits | 107,773 | -0- | 107,773 | 135,215 | -0- | 135,215 | 242,988 |
| Materials and other | 7,117 | -0- | 7,117 | -0- | -0- | -0- | 7,117 |
| Contractual services | 133,154 | -0- | 133,154 | 140,110 | -0- | 140,110 | 273,264 |
| Utilities | 85,948 | -0- | 85,948 | 3,237 | -0- | 3,237 | 89,185 |
| Depreciation | 229,393 | 22,446 | 251,839 | -0- | -0- | -0- | 251,839 |
| Insurance | 61,068 | -0- | 61,068 | 30,069 | -0- | 30,069 | 91,137 |
| Housing assistance payments | -0- | -0- | -0- | 3,252,489 | -0- | 3,252,489 | 3,252,489 |
| Equipment expense | 440 | -0- | 440 | -0- | -0- | -0- | 440 |
| Convention and travel | 4,896 | -0- | 4,896 | 10,933 | -0- | 10,933 | 15,829 |
| Telephone | 5,428 | -0- | 5,428 | 7,702 | -0- | 7,702 | 13,130 |
| Bad debt expense | 12,040 | -0- | 12,040 | -0- | -0- | -0- | 12,040 |
| Portability fees | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Supplies | 8,305 | -0- | 8,305 | 6,915 | -0- | 6,915 | 15,220 |
| Postage | 2,176 | -0- | 2,176 | 4,639 | -0- | 4,639 | 6,835 |
| Tenant services | 1,599 | -0- | 1,599 | -0- | -0- | -0- | 1,599 |
| Membership dues and fees | 1,345 | -0- | 1,345 | 1,195 | -0- | 1,195 | 2,540 |
| Bank charges | 7,635 | -0- | 7,635 | -0- | -0- | -0- | 7,635 |
| Advertising | 2,545 | -0- | 2,545 | -0- | -0- | -0- | 2,545 |
| General | 4,001 | -0- | 4,001 | 711 | -0- | 711 | 4,712 |

**Total operating expenses**

<table>
<thead>
<tr>
<th></th>
<th>674,663</th>
<th>22,446</th>
<th>697,109</th>
<th>3,593,235</th>
<th>-0-</th>
<th>3,593,235</th>
<th>4,290,344</th>
</tr>
</thead>
</table>

| Operating income (loss) | (52,719) | 22,446 | (75,165) | 88,637 | 11,352 | 100,009 | 24,844 |

See Independent Auditors’ Report on Supplementary Information.
## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets—Enterprise Fund, Continued

For the Year Ended March 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>Operating Program</th>
<th>Capital Fund Program</th>
<th>Sub-total</th>
<th>Housing Choice Voucher Program</th>
<th>Disaster Housing Assistance Program</th>
<th>Sub-total</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-operating revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>$ 8,567</td>
<td>$ -0-</td>
<td>$ 8,567</td>
<td>$ -0-</td>
<td>$ -0-</td>
<td>$ -0-</td>
<td>$ 8,567</td>
</tr>
<tr>
<td>Other income</td>
<td>4,334</td>
<td>-0-</td>
<td>4,334</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>4,334</td>
</tr>
<tr>
<td><strong>Total non-operating revenues</strong></td>
<td>12,901</td>
<td>-0-</td>
<td>12,901</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>12,901</td>
</tr>
<tr>
<td><strong>Capital contributions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUD capital grants</td>
<td>-0-</td>
<td>204,738</td>
<td>204,738</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>204,738</td>
</tr>
<tr>
<td><strong>Total capital contributions</strong></td>
<td>-0-</td>
<td>204,738</td>
<td>204,738</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>204,738</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>(39,818)</td>
<td>182,292</td>
<td>142,474</td>
<td>88,657</td>
<td>11,352</td>
<td>100,009</td>
<td>242,483</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year, as restated</strong></td>
<td>10,659,150</td>
<td>-0-</td>
<td>10,659,150</td>
<td>(352,342)</td>
<td>-0-</td>
<td>(352,342)</td>
<td>10,306,808</td>
</tr>
<tr>
<td><strong>Net assets (deficit), end of year</strong></td>
<td>$10,619,332</td>
<td>$182,292</td>
<td>$10,801,624</td>
<td>($263,685)</td>
<td>$11,352</td>
<td>($252,333)</td>
<td>$10,549,291</td>
</tr>
</tbody>
</table>

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, 2011**

<table>
<thead>
<tr>
<th>Federal Grantor</th>
<th>CFDA Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program funded by the U.S. Department of Housing and Urban Development (HUD):</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subject to Annual Contributions Contracts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PHA Owned Housing Program</td>
<td>14.850a</td>
<td>$512,815</td>
</tr>
<tr>
<td>Housing Choice Voucher Program</td>
<td>14.871</td>
<td>3,681,892</td>
</tr>
<tr>
<td>Capital Fund Program</td>
<td>14.872</td>
<td>204,738</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td>4,399,445</td>
</tr>
<tr>
<td>Program funded by the Homeland Security:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disaster Housing Assistance Program</td>
<td>97.036</td>
<td>11,352</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td>11,352</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td>$4,410,797</td>
</tr>
</tbody>
</table>

**Note:** Basis of Presentation

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

See Independent Auditors' Report on Supplementary Information.
HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SLIDELL, LOUISIANA  
FINANCIAL DATA SCHEDULE—COMBINING BALANCE SHEET  
MARCH 31, 2011

<table>
<thead>
<tr>
<th>LINE ITEM NO.</th>
<th>ACCOUNT DESCRIPTION</th>
<th>TOTAL PROJECTS</th>
<th>TOTAL PROGRAMS</th>
<th>TOTALS (MEMORANDUM ONLY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>111</td>
<td>Cash - unrestricted</td>
<td>$2,502,775</td>
<td>$1,294,347</td>
<td>$3,797,122</td>
</tr>
<tr>
<td>113</td>
<td>Cash - other restricted</td>
<td>$0</td>
<td>377,716</td>
<td>377,716</td>
</tr>
<tr>
<td>114</td>
<td>Cash - tenant security deposits</td>
<td>20,521</td>
<td>0</td>
<td>20,521</td>
</tr>
<tr>
<td>100</td>
<td>Total cash</td>
<td>2,523,296</td>
<td>1,672,063</td>
<td>4,195,359</td>
</tr>
<tr>
<td>121</td>
<td>Accounts receivable - PHA projects</td>
<td>0</td>
<td>25,913</td>
<td>25,913</td>
</tr>
<tr>
<td>122</td>
<td>Accounts receivable - HUD</td>
<td>274,815</td>
<td>923,925</td>
<td>1,198,740</td>
</tr>
<tr>
<td>125</td>
<td>Accounts receivable - Other</td>
<td>16,300</td>
<td>0</td>
<td>16,300</td>
</tr>
<tr>
<td>142</td>
<td>Prepaid expenses and other assets</td>
<td>19,744</td>
<td>3,157</td>
<td>22,901</td>
</tr>
<tr>
<td>144</td>
<td>Interprogram due from</td>
<td>8,892,472</td>
<td>6,574,769</td>
<td>15,467,241</td>
</tr>
<tr>
<td>150</td>
<td>Total current assets</td>
<td>11,726,627</td>
<td>9,199,827</td>
<td>20,926,454</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
<table>
<thead>
<tr>
<th>LINE ITEM NO.</th>
<th>ACCOUNT DESCRIPTION</th>
<th>TOTAL PROJECTS</th>
<th>TOTAL PROGRAMS</th>
<th>TOTALS (MEMORANDUM ONLY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>161</td>
<td>Land</td>
<td>$ 779,855</td>
<td>$ -0-</td>
<td>$ 779,855</td>
</tr>
<tr>
<td>162</td>
<td>Buildings</td>
<td>7,970,269</td>
<td>-0-</td>
<td>7,970,269</td>
</tr>
<tr>
<td>163</td>
<td>Furniture, equipment and machinery-dwellings</td>
<td>121,802</td>
<td>-0-</td>
<td>121,802</td>
</tr>
<tr>
<td>164</td>
<td>Furniture, equipment and machinery-administration</td>
<td>233,115</td>
<td>-0-</td>
<td>233,115</td>
</tr>
<tr>
<td>166</td>
<td>Accumulated depreciation</td>
<td>(3,247,866)</td>
<td>-0-</td>
<td>(3,247,866)</td>
</tr>
<tr>
<td>160</td>
<td>Total capital assets, net of accumulated depreciation</td>
<td>5,857,175</td>
<td>-0-</td>
<td>5,857,175</td>
</tr>
<tr>
<td>180</td>
<td>Total non-current assets</td>
<td>5,857,175</td>
<td>-0-</td>
<td>5,857,175</td>
</tr>
<tr>
<td>190</td>
<td>Total assets</td>
<td>$17,583,802</td>
<td>$9,199,827</td>
<td>$26,783,629</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
### Schedule II

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SLIDELL, LOUISIANA**  
**FINANCIAL DATA SCHEDULE—COMBINING BALANCE SHEET, CONTINUED**  
**MARCH 31, 2011**

<table>
<thead>
<tr>
<th>LINE ITEM NO.</th>
<th>ACCOUNT DESCRIPTION</th>
<th>TOTAL PROJECTS</th>
<th>TOTAL PROGRAMS</th>
<th>TOTALS (MEMORANDUM ONLY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>312</td>
<td>Accounts payable ±90 days</td>
<td>$ 82,928</td>
<td>$ 5,593</td>
<td>$ 88,521</td>
</tr>
<tr>
<td>322</td>
<td>Accrued compensated absences-current portion</td>
<td>2,469</td>
<td>3,397</td>
<td>5,866</td>
</tr>
<tr>
<td>341</td>
<td>Tenant security deposits</td>
<td>20,521</td>
<td>-0-</td>
<td>20,521</td>
</tr>
<tr>
<td>342</td>
<td>Deferred revenues</td>
<td>1,150</td>
<td>1,282,995</td>
<td>1,284,145</td>
</tr>
<tr>
<td>347</td>
<td>Interprogram due to</td>
<td>6,675,110</td>
<td>8,160,175</td>
<td>14,835,285</td>
</tr>
</tbody>
</table>

| 310           | Total current liabilities                    | 6,782,178      | 9,452,160      | 16,234,338               |
| 350           | Total non-current liabilities                | 0              | 0              | 0                        |
| 300           | Total liabilities                            | 6,782,178      | 9,452,160      | 16,234,338               |

See Independent Auditors' Report on Supplementary Information.
# Schedule II

## Housing Authority of the City of Slidell

**Slidell, Louisiana**

**Financial Data Schedule—Combining Balance Sheet, Continued**

**March 31, 2011**

<table>
<thead>
<tr>
<th>Line Item No.</th>
<th>Account Description</th>
<th>Total Projects</th>
<th>Total Programs</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>508.1</td>
<td>Invested in capital assets, net of related debt</td>
<td>$5,857,175</td>
<td>$0</td>
<td>$5,857,175</td>
</tr>
<tr>
<td>511.1</td>
<td>Restricted net assets</td>
<td>-0-</td>
<td>377,716</td>
<td>377,716</td>
</tr>
<tr>
<td>512.1</td>
<td>Unrestricted net assets</td>
<td>4,944,449</td>
<td>(630,049)</td>
<td>4,314,400</td>
</tr>
<tr>
<td>513</td>
<td>Total equity/net assets</td>
<td>10,801,624</td>
<td>(252,333)</td>
<td>10,549,291</td>
</tr>
<tr>
<td>600</td>
<td>Total liabilities and equity/net assets</td>
<td>$17,583,802</td>
<td>$9,199,827</td>
<td>$26,783,629</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
<table>
<thead>
<tr>
<th>LINE ITEM NO.</th>
<th>ACCOUNT DESCRIPTION</th>
<th>OPERATING FUND PROGRAM</th>
<th>CAPITAL FUND PROGRAM</th>
<th>TOTAL PROJECTS</th>
<th>VOUCHER PROGRAM</th>
<th>DISASTER HOUSING ASSISTANCE PROGRAM</th>
<th>TOTAL PROGRAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>70300</td>
<td>Net tenant rental revenue</td>
<td>$109,129</td>
<td>$0</td>
<td>$109,129</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>70500</td>
<td>Total tenant revenue</td>
<td>109,129</td>
<td>0</td>
<td>109,129</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>70500-010</td>
<td>Housing assistance payments</td>
<td>-0</td>
<td>-0</td>
<td>-0</td>
<td>3,358,032</td>
<td>11,352</td>
<td>3,369,384</td>
</tr>
<tr>
<td>70500-020</td>
<td>Ongoing administrative fees earned</td>
<td>-0</td>
<td>-0</td>
<td>-0</td>
<td>323,860</td>
<td>0</td>
<td>323,860</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0</td>
<td>-0</td>
<td>0</td>
<td>3,681,892</td>
<td>11,352</td>
<td>3,693,244</td>
</tr>
<tr>
<td>70600</td>
<td>HUD PHA operating grants</td>
<td>512,815</td>
<td>0</td>
<td>512,815</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>70510</td>
<td>Capital grants</td>
<td>0</td>
<td>204,738</td>
<td>204,738</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>71100</td>
<td>Investment income - unrestricted</td>
<td>8,567</td>
<td>0</td>
<td>8,567</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7150</td>
<td>Other revenue</td>
<td>4,334</td>
<td>0</td>
<td>4,334</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>70000</td>
<td>Total revenue</td>
<td>634,845</td>
<td>204,738</td>
<td>839,583</td>
<td>3,681,892</td>
<td>11,352</td>
<td>3,693,244</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
# Schedule III

## Housing Authority of the City of Slidell

**Slidell, Louisiana**

**Financial Data Schedule—Combining Income Statement, Continued**

_for the year ended March 31, 2011_

<table>
<thead>
<tr>
<th>Line Item No.</th>
<th>Account Description</th>
<th>Operating Fund Program</th>
<th>Capital Fund Program</th>
<th>Total Projects</th>
<th>Voucher Program</th>
<th>Disaster Housing Assistance Program</th>
<th>Total Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>91100</td>
<td>Administrative salaries</td>
<td>$ 69,617</td>
<td>$ -0-</td>
<td>$ 69,617</td>
<td>$114,257</td>
<td>$ -0-</td>
<td>$114,257</td>
</tr>
<tr>
<td>91200</td>
<td>Auditing fees</td>
<td>2,458</td>
<td>-0-</td>
<td>2,458</td>
<td>27,912</td>
<td>-0-</td>
<td>27,912</td>
</tr>
<tr>
<td>91500</td>
<td>Employee benefit contributions-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>administrative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>91600</td>
<td>Office expense</td>
<td>19,827</td>
<td>-0-</td>
<td>19,827</td>
<td>20,427</td>
<td>-0-</td>
<td>20,427</td>
</tr>
<tr>
<td>91700</td>
<td>Legal expense</td>
<td>2,086</td>
<td>-0-</td>
<td>2,086</td>
<td>620</td>
<td>-0-</td>
<td>620</td>
</tr>
<tr>
<td>91800</td>
<td>Travel</td>
<td>4,896</td>
<td>-0-</td>
<td>4,896</td>
<td>10,933</td>
<td>-0-</td>
<td>10,933</td>
</tr>
<tr>
<td>91900</td>
<td>Other</td>
<td>67,988</td>
<td>-0-</td>
<td>67,988</td>
<td>110,686</td>
<td>-0-</td>
<td>110,686</td>
</tr>
<tr>
<td>91000</td>
<td>Total operating - administrative</td>
<td>205,028</td>
<td>-0-</td>
<td>205,028</td>
<td>305,793</td>
<td>-0-</td>
<td>305,793</td>
</tr>
<tr>
<td>92400</td>
<td>Tenant services - other</td>
<td>1,599</td>
<td>-0-</td>
<td>1,599</td>
<td></td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>92500</td>
<td>Total tenant services</td>
<td>1,599</td>
<td>-0-</td>
<td>1,599</td>
<td></td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>93100</td>
<td>Water</td>
<td>41,381</td>
<td>-0-</td>
<td>41,381</td>
<td>510</td>
<td>-0-</td>
<td>510</td>
</tr>
<tr>
<td>93200</td>
<td>Electricity</td>
<td>35,754</td>
<td>-0-</td>
<td>35,754</td>
<td>2,727</td>
<td>-0-</td>
<td>2,727</td>
</tr>
<tr>
<td>93300</td>
<td>Gas</td>
<td>8,615</td>
<td>-0-</td>
<td>8,615</td>
<td></td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>93800</td>
<td>Other utilities</td>
<td>198</td>
<td>-0-</td>
<td>198</td>
<td></td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>93000</td>
<td>Total utilities</td>
<td>85,948</td>
<td>-0-</td>
<td>85,948</td>
<td>3,237</td>
<td>-0-</td>
<td>3,237</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
## Schedule III

**Housing Authority of the City of Slidell**  
**Slidell, Louisiana**  
**Financial Data Schedule—Combining Income Statement, Continued**  
For the Year Ended March 31, 2011

<table>
<thead>
<tr>
<th>Line Item No.</th>
<th>Account Description</th>
<th>Operating Fund Program</th>
<th>Capital Fund Program</th>
<th>Total Projects</th>
<th>Voucher Program</th>
<th>Disaster Housing Assistance Program</th>
<th>Total Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>94200</td>
<td>Ordinary maintenance and operations—materials and other</td>
<td>$7,117</td>
<td>-0-</td>
<td>$7,117</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>94300-020</td>
<td>Ordinary maintenance and operations contracts—heating and cooling contracts</td>
<td>7,153</td>
<td>-0-</td>
<td>7,153</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>94300-050</td>
<td>Ordinary maintenance and operations contracts—landscape and grounds contracts</td>
<td>18,050</td>
<td>-0-</td>
<td>18,050</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>94300-060</td>
<td>Ordinary maintenance and operations contracts—unit turnaround contracts</td>
<td>4,625</td>
<td>-0-</td>
<td>4,625</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>94300-080</td>
<td>Ordinary maintenance and operations contracts—plumbing contracts</td>
<td>4,789</td>
<td>-0-</td>
<td>4,789</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>94300-090</td>
<td>Ordinary maintenance and operations contracts—extermination contracts</td>
<td>4,510</td>
<td>-0-</td>
<td>4,510</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
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<tr>
<td>94300-120</td>
<td>Ordinary maintenance and operations contracts—miscellaneous contracts</td>
<td>21,053</td>
<td>-0-</td>
<td>21,053</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
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<tr>
<td>94000</td>
<td>Total maintenance</td>
<td>67,297</td>
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<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
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</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
### SCHEDULE III
FINANCIAL DATA SCHEDULE—COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2011

<table>
<thead>
<tr>
<th>LINE ITEM NO</th>
<th>ACCOUNT DESCRIPTION</th>
<th>OPERATING FUND PROGRAM</th>
<th>CAPITAL FUND PROGRAM</th>
<th>TOTAL PROJECTS</th>
<th>VOUCHER PROGRAM</th>
<th>DISASTER HOUSING ASSISTANCE PROGRAM</th>
<th>TOTAL PROGRAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>95200</td>
<td>Protective Services - other contract costs</td>
<td>$ 442</td>
<td>$ 0</td>
<td>$ 442</td>
<td>$ 207</td>
<td>$ 0</td>
<td>$ 207</td>
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<td>95000</td>
<td>Total protective services</td>
<td>442</td>
<td>0</td>
<td>442</td>
<td>207</td>
<td>0</td>
<td>207</td>
</tr>
<tr>
<td>96110</td>
<td>Property insurance</td>
<td>54,962</td>
<td>0</td>
<td>54,962</td>
<td>26,072</td>
<td>0</td>
<td>26,072</td>
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<tr>
<td>96130</td>
<td>Workmen's compensation</td>
<td>3,455</td>
<td>0</td>
<td>3,455</td>
<td>1,153</td>
<td>0</td>
<td>1,153</td>
</tr>
<tr>
<td>96140</td>
<td>All other insurance</td>
<td>2,651</td>
<td>0</td>
<td>2,651</td>
<td>2,844</td>
<td>0</td>
<td>2,844</td>
</tr>
<tr>
<td>96100</td>
<td>Total insurance premiums</td>
<td>61,068</td>
<td>0</td>
<td>61,068</td>
<td>30,069</td>
<td>0</td>
<td>30,069</td>
</tr>
<tr>
<td>96200</td>
<td>Other general expenses</td>
<td>12,048</td>
<td>0</td>
<td>12,048</td>
<td>1,440</td>
<td>0</td>
<td>1,440</td>
</tr>
<tr>
<td>96400</td>
<td>Bad debt - tenant rents</td>
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<td>12,040</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>96600</td>
<td>Total other general expenses</td>
<td>24,088</td>
<td>0</td>
<td>24,088</td>
<td>1,440</td>
<td>0</td>
<td>1,440</td>
</tr>
<tr>
<td>96900</td>
<td>Total operating expenses</td>
<td>445,470</td>
<td>0</td>
<td>445,470</td>
<td>340,746</td>
<td>0</td>
<td>340,746</td>
</tr>
<tr>
<td>97000</td>
<td>Excess (deficiency) of revenue over operating expenses</td>
<td>182,375</td>
<td>204,738</td>
<td>394,113</td>
<td>3,341,146</td>
<td>11,352</td>
<td>3,352,498</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
<table>
<thead>
<tr>
<th>LINE ITEM NO.</th>
<th>ACCOUNT DESCRIPTION</th>
<th>OPERATING FUND PROGRAM</th>
<th>CAPITAL FUND PROGRAM</th>
<th>TOTAL PROJECTS</th>
<th>VOUCHER PROGRAM</th>
<th>DISASTER HOUSING ASSISTANCE PROGRAM</th>
<th>TOTAL PROGRAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>97300-050</td>
<td>All other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>973000</td>
<td>Housing assistance payments</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$3,252,489</td>
<td>$3,252,489</td>
</tr>
<tr>
<td>974000</td>
<td>Depreciation expense</td>
<td>$229,193</td>
<td>$22,446</td>
<td>$251,639</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>900000</td>
<td>Total expenses</td>
<td>$574,663</td>
<td>$22,446</td>
<td>$697,109</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>10000</td>
<td>Excess (deficiency) of revenue over (under) expenses</td>
<td>$(35,818)</td>
<td>$(182,922)</td>
<td>$147,474</td>
<td>$(88,857)</td>
<td>$(1,357)</td>
<td>$(100,009)</td>
</tr>
<tr>
<td>11030</td>
<td>Beginning equity/net assets</td>
<td>$10,659,150</td>
<td>$0</td>
<td>$10,659,150</td>
<td>$(102,817)</td>
<td>$(0)</td>
<td>$(102,817)</td>
</tr>
<tr>
<td>11040-010</td>
<td>Prior period adjustments, equity transfers, and correction of errors</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$(249,525)</td>
<td>$(0)</td>
<td>$(249,525)</td>
</tr>
<tr>
<td></td>
<td>Beginning equity/net assets, as adjusted</td>
<td>$10,659,150</td>
<td>$0</td>
<td>$10,659,150</td>
<td>$(352,362)</td>
<td>$(0)</td>
<td>$(352,362)</td>
</tr>
<tr>
<td>11170</td>
<td>Administrative fee equity</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>1118</td>
<td>Housing assistance payments equity</td>
<td>$0</td>
<td>$377,716</td>
<td>$0</td>
<td>$0</td>
<td>$377,716</td>
<td>$377,716</td>
</tr>
<tr>
<td>11190</td>
<td>Unit months available</td>
<td>1,500</td>
<td>N/A</td>
<td>1,500</td>
<td>7,344</td>
<td>$(0)</td>
<td>8,844</td>
</tr>
<tr>
<td>11210</td>
<td>Number of unit months leased</td>
<td>926</td>
<td>N/A</td>
<td>926</td>
<td>5,700</td>
<td>$(0)</td>
<td>6,626</td>
</tr>
<tr>
<td>11270</td>
<td>Excess cash</td>
<td>$N/A</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>111620</td>
<td>Building purchases</td>
<td>$325,388</td>
<td>$204,738</td>
<td>$530,126</td>
<td>$(0)</td>
<td>$(0)</td>
<td>$(0)</td>
</tr>
<tr>
<td>11630</td>
<td>Furniture and equipment</td>
<td>$128,869</td>
<td>$0</td>
<td>$128,869</td>
<td>$(0)</td>
<td>$(0)</td>
<td>$(0)</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
### SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
SLIDELL, LOUISIANA  
STATEMENT OF CAPITAL FUNDS PROGRAM COST (INCOMPLETE)  
FROM INCEPTION THROUGH MARCH 31, 2011

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds approved</td>
<td>$179,596</td>
<td>$176,620</td>
<td>$177,644</td>
<td>$173,745</td>
<td>$172,838</td>
<td>$172,256</td>
<td>$1,046,519</td>
</tr>
<tr>
<td>Funds expended</td>
<td>(55,000)</td>
<td>(45,000)</td>
<td>(26,461)</td>
<td>-0-</td>
<td>(17,284)</td>
<td>-0-</td>
<td>(143,745)</td>
</tr>
<tr>
<td>Excess (deficiency) of funds approved</td>
<td>$124,596</td>
<td>$125,620</td>
<td>$151,003</td>
<td>$173,745</td>
<td>$155,554</td>
<td>$172,256</td>
<td>$902,774</td>
</tr>
<tr>
<td>Funds Advanced:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant funding</td>
<td>$55,000</td>
<td>$45,000</td>
<td>$26,461</td>
<td>-0-</td>
<td>$17,284</td>
<td>-0-</td>
<td>$143,745</td>
</tr>
<tr>
<td>Total funds advanced</td>
<td>$55,000</td>
<td>$45,000</td>
<td>$26,461</td>
<td>-0-</td>
<td>$17,284</td>
<td>-0-</td>
<td>$143,745</td>
</tr>
<tr>
<td>Funds expended</td>
<td>(55,000)</td>
<td>(45,000)</td>
<td>(26,461)</td>
<td>-0-</td>
<td>(17,284)</td>
<td>-0-</td>
<td>(143,745)</td>
</tr>
<tr>
<td>Excess (deficiency) of funds advanced</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
### HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND STIMULUS GRANT (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds approved</td>
<td>$ 219,925</td>
</tr>
<tr>
<td>Funds expended</td>
<td>(204,738)</td>
</tr>
<tr>
<td>Excess of funds approved</td>
<td>$ 15,187</td>
</tr>
<tr>
<td>Funds Advanced:</td>
<td></td>
</tr>
<tr>
<td>Grant funding</td>
<td>$ 197,738</td>
</tr>
<tr>
<td>Total funds advanced</td>
<td>197,738</td>
</tr>
<tr>
<td>Funds expended</td>
<td>(204,738)</td>
</tr>
<tr>
<td>Excess (deficiency) of funds advanced</td>
<td>$ 7,000</td>
</tr>
</tbody>
</table>

See Independent Auditors' Report on Supplementary Information.
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 the financial statements of Housing Authority of the City of Slidell (the
Authority) as of and for the year ended March 31, 2011, and have issued our report thereon
dated September 30, 2011. Except for the Authority’s inability to resolve issues related to
interfund out of balance condition, incomplete bank account reconciliations, and analysis of
housing assistance payments and net assets, 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.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

As previously discussed, we have described in the accompanying Summary Schedule of Findings and Questioned Costs items 2011-02, 2011-04, 2011-05, 2011-07, 2011-09 and 2011-10 as deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.
Further, as previously discussed, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses as previously defined. We considered the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2011-01, 2011-03, 2011-06 and 2011-08 to be material weaknesses. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of the Authority in a separate letter dated September 30, 2011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2011-11.

The Authority’s responses to the findings identified in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption “Management’s Response and Planned Corrective Action” or “Current Status”. We did not audit the Authority’s responses and, accordingly, we express no opinion on them.
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)

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2011
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Housing Authority of the City of Slidell (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Authority’s major federal programs for the year ended March 31, 2011. The Authority’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority’s management. Our responsibility is to express an opinion on the Authority’s compliance based on our audit.

Except for the Authority’s inability to resolve issues related to the interfund out of balance condition, incomplete nature of bank reconciliations, and analysis of housing assistance payments and net assets, 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...
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)

Compliance, Continued

General of the United States of America; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority’s compliance with those requirements.

Because of the nature of certain records as further described in findings 2011-25, 2011-27, 2011-30 and 2011-32 for certain transactions executed during 2011, we were unable to obtain sufficient documentation to support the Authority’s compliance with the requirements of reporting, allowable costs and special tests and provisions.

Compliance with such requirements is necessary in our opinion, for the Authority to comply with the requirements applicable to its programs.

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine evidence regarding the Authority’s compliance with reporting, allowable costs and special tests and provisions, the Authority complied in all material respects, with the compliance requirements previously referred to that could have a direct and material effect on its major federal programs for the year ended March 31, 2011. Also, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2011-12 through 2011-24.
Internal Control Over Compliance

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

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

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

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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Certified Public Accountants
Internal Control Over Compliance, Continued

Also, as previously discussed, we consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2011-26, 2011-28, 2011-29, 2011-31, 2011-33 and 2011-34 to be significant deficiencies.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by the Authority on a timely basis. As previously discussed, we consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2011-25, 2011-27, 2011-30 and 2011-32 to be material weaknesses, as defined above.

The Authority’s responses to the findings in our audit are described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption “Management’s Response and Planned Corrective Action” or “Current Status”. We did not audit the Authority’s responses and accordingly, we express no opinion on them.

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

Financial Statements

Type of auditors' report issued: Qualified

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: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes
HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2011

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA NUMBER</th>
<th>NAME OF FEDERAL PROGRAM OR CLUSTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.871</td>
<td>Housing Choice Voucher Program</td>
</tr>
<tr>
<td>14.850a</td>
<td>PHA Owned Housing Program</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? No
Section II - Financial Statement Findings and Questioned Costs

Reference Number

2011-01

Federal Award Program

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

Criteria

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

Condition

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

- The March 31, 2011 general ledgers for the PHA Owned Housing and Voucher Programs reflected beginning balances in the income and expense categories.

- We noted several misclassifications and/or miscodings of posted financial transactions.

- General ledger control accounts for prepaid insurance, receivables, security deposits, and payables reflected balances contrary to their normal account balances. For instance, prepaid insurance reflected a credit balance of $21,278 and an associated prepaid insurance account established as a liability account with a debit balance of $225,729 before the effect of audit adjustments. Accounts receivable at March 31, 2011 reflected a credit balance of $1,520,640.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-01

Condition, Continued

- The Authority did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2011. See finding reference number 2011-18 for additional discussion.


- Also noted unreconciled differences in the beginning (April 1, 2010) and ending (March 31, 2011) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program.

- Expired prepaid costs were not amortized at March 31, 2011 prior to the effect of an audit adjustment.

- The tenant rent revenue account prior to the effect of an audit adjustment reflected a duplicate rent charge due to an incorrect monthly closing by a Tenant Accounts Receivable Program staff.

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2011 was $4,410,797.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-01

Effect or Potential Effect

Noncompliance with the requirements of HUD regulation and Board policy to include its impact on the performance of a timely and efficient audit.

Cause

Lack of a system in place to facilitate the timely analysis and review to ensure the completeness of all financial statements prepared.

Recommendation

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

Management’s Response and Planned Corrective Action

The Authority concurs with the findings and recommendations and will be instituting monthly checklist procedures for both accounting and program activities.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-02

Federal Program

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

Criteria

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

Condition

The results of our review of twenty-five (25) cash disbursement transactions (selected month December 2010) revealed the following conditions:

- Four (4) of twenty-five (25) transactions tested revealed instances where the expenses reviewed were charged to incorrect general ledger account numbers.
- In two (2) of twenty-five (25) cash disbursement transactions tested, supporting documentation in the form of invoices were misfiled or not available for our review.
- Invoices of six (6) of the twenty-five (25) transactions tested were not canceled to avoid the potential for duplicate use.
- We were unable in seventeen (17) of seventeen (17) required invoices of twenty-five (25) cash disbursement transactions tested, to observe any evidence of mathematical accuracy performed prior to payment on the referenced invoices.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-02

Condition, Continued

Two (2) of the twenty-five (25) transactions tested were incorrectly calculated and paid resulting in an overpayment of $1.55 in one (1) instance and an underpayment of $8.78 in the other instance.

- For four (4) of the twenty-five (25) transactions tested, the check requests attached were incomplete.

- The Authority was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.

- The Authority through and on behalf of its previous executive director disbursed via an “ACH” payment, one half of his monthly car allowance. The current interim executive director did not possess authorization until January 15, 2011.

- Two (2) of six (6) Housing Assistance Payments returned by the Authority’s banker were not reflected in the general ledger prior to the impact of an audit adjustment.

Questioned Costs

$300.

Context

Total federal award expended for the year ended March 31, 2011 was $4,410,797.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-02

Effect or Potential Effect

Deficiencies in the Authority's internal control which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and the Authority as a whole, coupled with the minimal level of management oversight afforded by the previous executive director.

Recommendation

The current interim executive director has initiated, developed and implemented procedures and processes approved by the Board of Commissioners in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should continue its review of the accounting processing system to ascertain its completeness. Also, all services requested should be reviewed for completeness prior to payment.

All supporting documents should be filed and maintained on a current basis.
HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-02

Management’s Response and Planned Corrective Action

The Authority is mindful that the period for cash disbursement was the month of December 2010. We refer you to the fact that the Board adopted Financial Management Procedures in July 2011. However, before all of the procedures were approved by the Board, in January 2011, management instituted internal policies, check and balance procedures for accounts payable. Invoice accuracy is checked by the Director upon receipt and then processed through accounting; accounting checks for mathematical errors, the voucher is checked against the purchase order/contract and the signed receiving document; coded it against the appropriate expense account; attach check request for Director’s signature. When the check is cut; the invoice and purchase order are stamped paid. This process has been effective since December 21, 2010.

Relative to the ACH payments, on December 21, 2010, the Interim Director, by inter-office memorandum, informed accounting that ACH payments would only be used for payroll, payroll taxes and landlord HAP payments. All other payments of any kind are made with a check, needing two signatures.

We are continuing to review our current policies and the Director reviews all paper work before signing of any checks. Our adopted financial policies and procedures include: Accounts payable; Rent Collection; Payroll Procedures’ Petty Cash; NSF Check policy; HCV Portability payments; Capitalization Policy; Inventory Control and Disposition; Budget preparation; Record Retention and Disposition; Insurance and Credit Card policy.

We concur with your recommendation relative to this finding and can clearly document to you that management has been and will continue to scrutinize all transactions.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-03

Federal Program

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

Criteria

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

Condition

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. Currently, internal financial transactions processing of the Authority is performed primarily by a contracted staff with oversight by a contracted fee accountant. Also, the general ledger is interfaced with program transactions generated by staff from the Low Rent and Voucher Programs.

Noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls that impact the TENMAST software system's ability to provide complete and accurate information consistent with the financial reporting objectives and current needs of the Authority.
Further, the Authority uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the complete and accurate generation of financial statements.

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

However, under the current interim executive director, the Board has approved subsequent to year-end, revised and/or new policies and procedures to address the referenced conditions. Furthermore, the Board has established a Finance Committee to provide an enhanced level of oversight of the finances of the Authority.

**Questioned Costs**

None.

**Context**

Total federal award expended for the year ended March 31, 2011 was $4,410,797.

**Effect or Potential Effect**

Deficiencies in the Authority's internal control system which provides for an environment that is conducive to the misappropriation of assets.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-03

Cause
Size of personnel assigned to the accounting function and the Authority as a whole. Also, the untimely receipt of its prepared financial statements impacts management and the Board’s review for completeness on a timely basis.

Recommendation
We recommend that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include the Authority’s current software processing system to ensure its completeness and integrity of resulting financial statements.

Management’s Response and Planned Corrective Action
Management concurs with this recommendation and evaluating the need for a full-time accounting staff; weighing it against budgetary limitation in hiring additional staff. We are re-evaluating how the TENMAST system can be made to work more efficiently for the Authority. Management does not believe that the Authority is maximizing the TENMAST products.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-04

Federal Program

Housing Choice Voucher Program (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

The Authority has established a system to ensure the timely billing for all portability activities with other housing authorities. However, payments from portability transactions are not segregated between housing assistance payments and fees to ensure accurate and complete financial statement reporting. In addition, portability collections totaling approximately $618,000 and recorded for the year ended March 31, 2011 included amounts for which management was unable to provide underlying supporting documents other than bank statements and copies of selected checks. Also, the collections based on our limited review, included prior year amounts for which the impact on the Authority’s beginning net assets has not been performed because of the nature of recordkeeping.

It is our understanding that on April 1, 2011, management instituted revised procedures for accounting for portability related activities.

Questioned Costs

None.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-04

Context
Total federal award expended for the Housing Choice Voucher Program was $3,681,892 or (83)% of the total federal award for the year ended March 31, 2011.

Effect or Potential Effect
Incomplete financial statement information to include the potential for unrecorded fees earned and overstatement in cost incurred.

Cause
Lack of an adequate billing and recordation procedure for portability activities.

Recommendation
Management should continue to review its implemented procedures to ensure the complete billing and accounting for all portability related activities.

Management’s Response and Planned Corrective Action
As of April 2011, the Authority instituted a process for the payment of Ports-In and Out. These procedures have been adopted with the financial management procedures. We do however, agree that this procedure was not in place in fiscal year 2011. In addition, effective November 1, 2011, Port HAP payments, in and out, will be reflected in the General Ledger; additionally, HAP and URP payments will be recorded separately from the Authority’s register.
Section II - Financial Statement Findings and Questioned Costs, Continued

**Reference Number**
2011-05

**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 statements as required by HUD and Board policy.

**Condition**

Our testing of three (3) employee files for payroll transactions executed during the month of December 2010 revealed the following conditions:

- Lack of a written payroll procedure to include an updated personnel Handbook.
- Unapproved leave request form for one (1) of three (3) employees tested.
- The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by the Authority. Further, leave information was not adequately tracked to ensure completeness.
- No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll to include the required immigration form (I-9).
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-05

Condition, Continued

- Incorrect insurance deduction in all three (3) employees tested.
- Vacation time used by one (1) employee was incorrectly charged to regular time.

Questioned Costs
None.

Context
Total federal award expended for the year ended March 31, 2011 was $4,410,797.

Effect or Potential Effect
Noncompliance with Board policy and civil service regulations.

Cause
Lack of an effective personnel administration process in place.
Reference Number, Continued
2011-05

Recommendation

The interim executive director should continue to review and implement changes to the Authority’s personnel administration process aimed at the establishment of a system that will ensure the accurate and complete capture and recordation of all transactions associated with personnel cost, and to provide for the maintenance of all required documents to include the necessary State Civil Service approvals.

Management’s Response and Planned Corrective Action

Management concurs with this recommendation. This recommendation is a prior year finding. In January 2011, personnel files were established for each employee. Files include tax information, applications, direct deposit information, State civil actions, deduction authorizations, leave request and approvals.

We concede that we have a problem with prior documentation of actions in file especially relating to civil service. Management met with Civil Service in Baton Rouge to determine how we could fairly re-create the leave information for each employee. The meeting uncover other issues that we need to address, since two employees did not have State Civil Service status. However, management realizes that the Authority needs to devise an equitable and fair system to determine the leave record of each employee since the Authority does not have documentation prior to December 2010. It also appears that employees did not keep or have not shared with management any form of documentation demonstrating that leave has been taken.

In April 2011, through internal memo, leave procedures were sent to all employees by the Interim Director spelling out the procedures for both annual and sick leave; how it is recorded and how it is granted and the basis for approval.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-06

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

Criteria
Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing monitoring and oversight controls including the preparation of complete and reconciliation of significant general ledger accounts such as cash, receivables, prepaid assets, revenues, expenses, etc.

Condition
The operating bank account reconciliations for the PHA Owned and Voucher Choice Housing Programs at December 31, 2010 and March 31, 2011 revealed the following conditions:

- PHA Owned and Voucher Housing Programs December 2010 and March 2011 bank account reconciliations were incomplete because the beginning and ending balances as reflected on the reconciliations did not agree to their respective general ledger balances. Further, we noted other conditions such as the improper accounting for voided checks, stale dated checks, interest earned on the bank account balance, tenant payments and deposits of "EFT" returns, etc.

Both bank account reconciliations were not prepared on a timely basis. As a result of this condition, the reconciliations provided lacked supervisory review.

- Unreconciled differences resulting from the reconciliations were not resolved and adjusted on a timely basis. As such, the reconciliations for December 2010 and March 2011 listed several proposed adjustments.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-06

Condition, Continued

- Two unsigned checks totaling $251,590 prepared by the previous executive director and not distributed at December 31, 2010 (selected month reviewed), were reported on the bank account reconciliations as outstanding checks.

- Numerous adjustments proposed by the Authority in an effort to "catch-up" on various reconciliations lacked the appropriate supporting documents to justify recordation of entries generated from the reconciliations.

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2011 was $4,410,797.

Effect of Potential Effect

Completeness in prepared financial statements.

Cause

Transitional challenges coupled with the lack of an established procedure to ensure the timely preparation and complete review of bank account reconciliations.
Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences. Further, all adjustments resulting from the reconciliations should be adequately supported to justify recordation.

Management's Response and Planned Corrective Action

The Authority concurs with this funding as of December 2010. Currently, the Authority has five bank accounts and instructions have been given to ensure that all reconciliations are current. A monthly checklist of all items for the Director's review has been sent to all staff; implementation to begin November 1, 2011. The two checks totally $251,590 were cut by the former director as his compensation at termination. The Chairman of the Board destroyed the checks and accounting voided the checks in April 2011. Therefore, we concur with the need for monthly bank reconciliations and will continue to make certain that all accounts are properly reconciled.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-07

Federal Award Program

PHA Owned Housing and Capital Fund 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 testing of capital assets at March 31, 2011 revealed the following conditions:

- Noted no maintenance of capital assets subsidiary ledgers for all PHA Owned and Capital Fund Programs. However, a detail schedule maintained for office equipment did not agree to the general ledger control account balance by approximately $26,000. Further, we were unable to conclude on the completeness of a proposed client adjustment to address the referenced difference. Our judgment was impacted by the fact that some selected unit costs used in the detail priced-out schedule lacked supporting documentation to facilitate the determination of the validity of the unit cost.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-07

Questioned Costs
None.

Context
Total federal award for the PHA Owned and Capital Fund Programs was $717,553 or (16)% of the total federal award for the year ended March 31, 2011.

Effect or Potential Effect
Lack of required subsidiary ledgers to facilitate the complete accounting for all capital assets.

Cause
Maintenance of supporting documents to support underlying assets.

Recommendation
Management should call for a complete reconciliation of all capital assets to their physical count, subsidiary ledgers and general ledger control account. This process should include the establishment and maintenance of all required subsidiary ledgers.
Management’s Response and Planned Corrective Action

The Authority concurs with this finding. Within the next 90 days, the Authority will review its inventory, general ledger, purchase orders, and other documentation to develop an accurate capital asset schedule and will make the adjustments in the system where necessary. Unfortunately, a number of reported payments in the general ledger were no doubt for equipment, primarily computer equipment, that were charged on a credit card and descriptions were not sufficient enough to justify the classification of expense.

We also concur with establishing a subsidiary ledger for capital projects. The Authority has targeted November 1, 2011 to establish both ledgers for capital assets and capital projects.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-08

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 selected general ledger control accounts and related subsidiary ledgers revealed the following conditions:

- The March 31, 2011 accrued vendor payables balance prior to the impact of audit adjustments, was overstated. The overstatement resulted from the Authority recording the liquidation of prior year's accrual as current year's expenses.

- Security deposit balance reported on the general ledger prior to the impact of audit adjustment did not align to the detail schedule provided to us by approximately $9,000.

- The monthly Housing Assistance Payments (HAP) register was not being generated to facilitate the complete reconciliation to the general ledger by Finance on a timely basis.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-08

Condition, Continued

Currently, HAP expenses are recorded to the general ledger based on bank statement activities. While the Voucher Program’s monthly processes interface with the general ledger, there is no procedure in place to ensure its completeness and accountability by type of program (regular HAP, portability, DHAP, etc.).

For the months of December 2010 and March 2011, we were unable to agree the general ledger control balances to the respective HAP register balances. The Authority provided a landlord payment register which differed from the general ledger account balance for the referenced dates.

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2011 was $4,410,797.

Effect or Potential Effect

Noncompliance with Board policy or directive.

Cause

Lack of an effective system in place to ensure the timely reconciliation and/or analysis of HAP financial activities.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
   2011-08

Recommendation

We recommend that all significant general ledger control accounts be reconciled monthly to associated subsidiary ledgers. All differences must be resolved with any resulting adjustments posted immediately.

Management's Response and Planned Corrective Action

The Authority concurs with this finding. Beginning November 1, 2011, the HAP register will be reconciled to the general ledger and any manual adjustments will be posted by the 10th of each month.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-09

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 statements as required by HUD and Board policy.

Condition
During the year ended March 31, 2011, the Authority implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where management was unable to provide support for the basis of common cost allocated. Further, costs were allocated in instances where the allocable costs, if any, had not been properly recorded to the cost object.

Questioned Costs
None.

Context
Total federal award expended for the year ended March 31, 2011 $4,410,797.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-09

Effect or Potential Effect

Misallocation of shared costs to the respective programs administered and potential noncompliance with the requirements of OMB Circular A-87.

Cause

No documented procedure in place to provide staff with the methodology for cost allocation.

Recommendation

We recommend a review of the current cost allocation process to ensure the accurate capture and recordation of all transactions. Further, management should document the basis for and allocation of all shared costs. Pursuant to the requirements of A-87, management should on a semi-annual basis, ensure that employees working a single cost object or a supervisor with first hand knowledge of the work performed by such employees, certify that the employees worked only on that one cost object.

Management’s Response and Planned Corrective Action

The Authority concurs with the finding. The improper allocation of costs was identified as the director’s contract and workmen’s compensation. The adjustments have been made to reflect an accurate allocation of cost between low-rent and HCV. The allocation of cost will be reviewed on a monthly basis by the Director beginning November 1, 2011.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-10

Federal Program

PHA Owned Housing Program (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

The Authority’s December 2010 TENMAST rental register revealed the following conditions:

- The rental register (rent roll) amount reflected an incorrect rent charge from the amount reflected on the tenant lease (the system charged a partial rent instead of the applicable month’s full rent). Further, in another instance, an incorrect rent was charged due to the fact that the Authority failed to pro-rate the tenant’s rent in the first partial month of occupancy.

Questioned Costs

None.
HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2011

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-10

Context

Total amount of federal awards expended for the year ended March 31, 2011 was $4,410,797.

Effect or Potential Effect

Noncompliance with the requirements of HUD regulation and Board policy to include its impact on the performance of a timely and efficient audit.

Cause

Lack of an established process to ensure the completeness of monthly rental activities.

Recommendation

Management should revisit with its current tenant rental processing to ensure that monthly rent transactions and other charges are complete and accurate.

Management’s Response and Planned Corrective Action

The Authority concurs with this finding. This finding was identified in the month of December 2010. Currently, all files (manual and TENMAST) are reviewed monthly for accuracy. On the 20th of the month, statements are sent to residents for the following months rent. The rents on the TARS are compared to the rent register to identify differences in each report. If errors have occurred, corrections are made immediately. This policy also took effect April 2011.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number
2011-11

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

Criteria
Pursuant to Article VI, Section 44 of the Constitution of Louisiana, all political subdivisions “shall develop and adopt an investment policy.....”. Further HUD regulations require the adoption and use of an investment policy.

Condition
The Authority does not have an approved investment policy.

Questioned Costs
None.

Context
Total funds invested at March 31, 2011 was $3,867,325.

Effect or Potential Effect
Noncompliance with State Law and HUD requirement.
Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2011-11

Cause

Oversight on the part of the previous executive director.

Recommendation

Management should develop for board approval an investment policy pursuant to the requirements of State Law.

Management's Response and Corrective Action Plan

Management is currently developing its investment policy and anticipates implementation by no later than December 31, 2011.
Section III - Federal Award Findings and Questioned Costs

Reference Number
2011-12

Federal Award Program

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

Criteria

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

Condition

We were unable to verify the timely submission of two (2) of ten (10) completed Form HUD 50058 by the Authority's personnel. In one (1) instance the form was submitted late.

Questioned Costs

None.

Context

Total federal award expended for the PHA Owned Housing Program was $512,815 or (12)% of the total federal award for the year ended March 31, 2011.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-12

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

Recommendation
We recommend that management call for the complete maintenance of reports or associated documentation to support the dates of completeness in the submission process.

Management's Response and Planned Corrective Action

The Authority concurs with this finding. Our PIC report demonstrates that the Authority was not current on its submissions and corrections in the system. We have corrected our information relative to 50058s in the PIC and it was reflected in the August 30, 2011 report. 50058 reports will be printed when submitted and placed in each tenant's file.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-13

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

Criteria
Pursuant to the requirements of the Authority's procurement policy, contracts are to be in writing and supported by sufficient documentation.

Condition
A contract with a service provider dated December 1, 2006 was without the benefit of written modification(s) to align to the current rates billed to and paid by the Authority.

It is our understanding that subsequent to year end the service has been terminated.

Questioned Costs
None.

Context
Total federal award expended for the Voucher Program for the year ended March 31, 2011 was $3,681,892.

Effect or Potential Effect
Noncompliance with the procurement documentation requirements of the Authority.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-13

Cause

Lack of an effective system to ensure the continuous compliance with the procurement requirements of the Authority.

Recommendation

Management should ensure that all cash disbursements are adequately supported by the appropriate invoice and/or current contract terms, as applicable.

Management’s Response and Planned Corrective Action

The Authority concurs with this finding. Due to procurement and budgetary issues, the HQS and HCV inspections performed by a contractor has been terminated. The Authority no longer uses the services of a contractor as that function has been brought in-house.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-14

Federal Award Program

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

Criteria

24 CFR section 960.205 provides guidance in the determination of tenant’s eligibility to participate in the housing program. Further, the Authority is required to submit to HUD Form 50058 to include information such as birth certificate, total annual income, etc.

Condition

In seven (7) of ten (10) tenant files reviewed, we noted no written evidence on file to support verification of all prior lease violations. However, we noted in some instances where the Authority had secured criminal reports.

In two (2) of the ten (10) files tested, the declaration of Section 214 status was either incomplete or missing for dependents.

One (1) of the ten (10) files tested, lacked a birth certificate for a dependent.

Annual income used in the computation of a tenant’s payment was incorrect.

Questioned Costs

None.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-14

Context

Total expenditures of federal award for the year ended March 31, 2011 for the PHA Owned Housing Program was $512,815 or (12)% of total federal award.

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 960.205.

Cause

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

Recommendation

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

Management’s Response and Planned Corrective Action

The Authority concurs with this finding. A quarterly review of a sampling of files are performed by the Director to ensure that the information documented through the system are reflected in the manual files. By January 1, 2012, all files will be re-structured to ensure that the most current information is visible and formatted, to avoid misplacement of information and ensuring that a file review is easier to perform.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-15

Federal Award Program

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

Criteria

24 CFR requires the implementation of community services program for tenants eligible to participate in such a program.

Condition

In one (1) instance of ten (10) files reviewed, we noted the lack of written documented evidence of community services performed by an eligible tenant.

Questioned Costs

None.

Context

Total expenditures of federal award for the year ended March 31, 2011 for the PHA Owned Housing Program was $512,815 or (12)% of total federal award.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.
Reference Number, Continued
2011-15

Cause
Lack of an effective monitoring system in place to ensure compliance with the community services requirement by eligible tenants.

Recommendation
Management should review its existing procedures to ensure its effectiveness in monitoring compliance with the community services component of HUD regulation.

Management’s Response and Planned Corrective Action
There is a separate file maintained for community services commitments. However, effective immediately, that document will be maintained in the tenant’s file and will be reviewed quarterly for compliance.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-16

Federal Award Program

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

Criteria

Pursuant to 24 CFR section 960.259, the Authority must obtain and document in the tenant’s files, expenses related to deductions from annual income. An annual utility allowance review should be undertaken to ensure the use of the most recent utility allowance.

Condition

In seven (7) of ten (10) files tested, the utility allowance used in the calculation of tenant rent was not current (within twelve months) resulting in an incorrect tenant rent payment amount. Board minutes reflect an approved utility survey in May 2010. We noted through the end of fieldwork, the subsequent correction of all except for one (1) tenant.

Questioned Costs

None.

Context

Total federal award expended for the PHA Owned Housing Program was $512,815 of (12)% of the total federal award for the year ended March 31, 2011.
Reference Number, Continued
2010-16

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 960.259 and Board policy to include the potential for miscalculated rent amount.

Cause

Ineffective communication and monitoring system in place to ensure the completeness of data used in the calculation of tenant rent amounts.

Recommendation

We recommend compliance with the requirements of 24 CFR, regarding the use of current data in the calculation of tenant rent.

Management’s Response and Planned Corrective Action

The Authority concurs with the finding. All of the effective files have been corrected effective October 1, 2011.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-17

Federal Award Program

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

Criteria

Pursuant to 24 CFR section 960.259(c)(1) the Authority must obtain and document in the tenant's file, third party verification of the family's reported annual income.

Condition

For three (3) tenants, the verified income amount did not agree to the amount used to compute each tenant’s rent payment amount.

Questioned Costs

None.

Context

Total federal award for the PHA Owned Housing Program was $512,815 or (12)% of the total federal award for the year ended March 31, 2011.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-17

Effect or Potential Effect

Potential miscalculation in tenant rent.

Cause

Lack of an adequate system in place to effectively monitor compliance with Board policy and HUD regulation.

Recommendation

We recommend that management continue to review on a test basis, the completeness in certification and/or re-certification of tenant files on a periodic basis.

Management’s Response and Planned Corrective Action

The Authority concurs with this finding. All files have been reviewed and corrected.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-18

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

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

Condition
Based on review of the DHAP Program and records available, we noted the following:

- DHAP financial transactions (HUD operating grants received) for the year ended March 31, 2011 were included in the records of the PHA Owned Housing Program.

- The Authority did not maintain a HAP register for the DHAP program. As such, we were unable to verify the completeness in recorded HAP and/or associated program expenses for the year ended March 31, 2011.

- The records for DHAP are not maintained in a complete and accurate manner to facilitate an effective and efficient audit.

Questioned Costs
Unable to determine.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-18

Context

Total expenses for the DHAP program for the year ended March 31, 2011 was $11,352 or (.25)% of the total federal award.

Effect or Potential Effect

Noncompliance with various aspects of DHAP program requirements.

Cause

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

Recommendation

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

Management’s Response and Planned Corrective Action

Management concurs with this finding. The Authority no longer participates in this program and unfortunately many of the records and documentation are missing. Within the next 90 days, management will attempt to re-create, where possible DHAP transactions and identify program expenses to resolve these problems.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-19

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

Criteria
The Authority is required to obtain from eligible tenants a complete and executed HUD Form 9886 (Authorization for the Release of Information).

Condition
For one (1) of ten (10) tenant files reviewed, we noted an instance where a member of the household over 18 did not sign the required HUD Form 9886.

Context
Total expenditures of federal award for the year ended March 31, 2011 for the PHA Owned Program was $512,815 or (12)% of the total federal award.

Questioned Costs
None.

Effect or Potential Effect
Noncompliance with the requirements of 24 CFR 960.
HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-19

Cause
Oversight in the completeness of tenant file.

Recommendation
Management should ensure that all files contain complete and accurate information to support eligibility determination.

Management’s Response and Planned Corrective Action
The Authority concurs. All files have been reviewed and corrected.
HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-20

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

Criteria
CFR 24 sections 5.601 et. seq., 982.201, 982.515 and 982.516 require the accumulation of all information necessary to compute tenant rent. Further, the Authority is responsible for ensuring the accuracy of calculated deductions.

Condition
In two (2) instance of fifteen (15) files tested, we noted where the calculated tenant rent payment amount was incorrect.

Questioned Costs
None.

Context
Total expenditures of federal awards for the year ended March 31, 2011 for the Voucher Program was $3,681,892 or (83)% of total federal award.

Effect and Potential Effect
Noncompliance with the requirements of 24 CFR 5.601, 982.201, 515 and 516.
Reference Number, Continued
2011-20

Cause
Oversight in the calculation of tenant rent.

Recommendation
Management should continue to provide oversight of staff’s work effort through periodic sampling of tenant files.

Management’s Response and Planned Corrective Action
The Authority concurs and the errors have been corrected.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-21

Federal Award Program

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

Criteria

Pursuant to 24 CFR, the Authority is required to submit in electronic format Form HUD 50058 (Family Report) each time it completes an admission, annual or interim re-examination, portability move-in or other change of a unit for a family.

Condition

Management of the Authority does not consistently maintain documented evidence to facilitate an independent review of its timely submission of Form HUD 50058. We noted in six (6) of fifteen (15) files tested no documented evidence to verify the timely submission of Form HUD 50058.

Questioned Costs

None.

Context

Total federal award expended for the Housing Choice Voucher Program was $3,681,892 or (83)% of the total federal award for the year ended March 31, 2011.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2011-21

Cause

Lack of an established process in place to ensure the documentation of all files submitted through the "MTCS system".

Recommendation

Management should revisit its current report submission process to ensure the documented submission of all Form HUD 50058.

Management’s Response and Planned Corrective Action

The Authority concurs. Management will continue to review all HUD PIC reports and program managers have been instructed to print all MTCs submissions and file accordingly in tenant files.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-22

Federal Award Program

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

Criteria

PHA’s are required to submit HAP and leasing information using Form HUD 52681-B and the “VMS”.

Condition

The current “VMS” reporting preparation process is performed on a manual basis. As such, that process provides opportunities for errors as the level of detail undertaken by the Authority in isolating and identifying current versus prior month adjustments to reconcile to the HAP register, regular versus DHAP etc., is very labor intense.

We were unable to verify the completeness of the “VMS” information provided for the December 2010 and March 31, 2011 submissions.

It is our understanding that management has implemented a computerized system for its “VMS” reporting effective May 2011.

Questioned Costs

None.

Context

Total federal award for Housing Choice Voucher Program was $3,681,892 or (83)% of the total federal award for the year ended March 31, 2011.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-22

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

Cause

Lack of a complete computerized system to ensure the completeness in the "VMS" reporting.

Recommendation

We recommend that management explore and consult with its software provider on resources available to generate the required data electronically. Further, all reports must be reconciled to the necessary supporting documents for agreement prior to submission.

Management's Response and Planned Corrective Action

The Authority has instituted an electronic preparation and submission of VMS reporting since May 2011.
Reference Number
2011-23

Federal Award Program

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

Criteria

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

Condition

All 2011 tenant move-ins into the Authority's PHA Owned Housing Program based on our review lacked documented evidence to support the order of placement from the waiting list; because the waiting list is maintained on real time.

Questioned Costs

None.

Context

Total expenditures of federal awards for the year ended March 31, 2011 for the PHA Owned Housing Program was $512,815 or (12)% of total federal award.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-23

Effect and Potential Effect

Noncompliance with the requirements of 24 CFR 960.

Cause

Current system is on real time.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR sections 960.202 through 960.206.

Management's Response and Planned Corrective Action

The Authority concurs. Verbal instructions were given to implement the audit recommendation. Management has now followed-up with written instructions to each program manager.
Reference Number
2011-24

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

Criteria
Pursuant to 24 CFR 813.106 and 813.102 the Authority is required at the time it completes an admission, annual or interim re-examination, portability move-in or other change of a unit for a family to verify the accuracy of calculated deductions and income.

Condition
In one (1) instance of the fifteen (15) files tested, the tenant’s deduction for an allowance used by the Authority lacked a documented basis for the claim.

In another instance of the referenced files tested, a tenant’s annual income calculation based on verified income was incorrectly computed by the Authority.

Questioned Costs
None.

Context
Total federal award expended for the Housing Choice Voucher Program was $3,681,892 or (83)% of the total federal award for the year ended March 31, 2011.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-24

Effect or Potential Effect
Noncompliance with the requirements of 24 CFR.

Cause
Oversight in the completeness of certification documents

Recommendation
Management should enhance its oversight of tenant files processed to minimize, if not eliminate, the error in the certification and/or re-certification process.

Management's Response and Planned Corrective Action
The Authority concurs and has corrected the referenced condition.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-25

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

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

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

- The March 31, 2011 general ledgers for the PHA Owned Housing and Voucher Programs reflected beginning balances in the income and expense categories.

- We noted several misclassifications and/or miscodings of posted financial transactions.

- General ledger control accounts for prepaid insurance, receivables, security deposits, and payables reflected balances contrary to their normal account balances. For instance prepaid insurance reflected a credit balance of $21,278 and an associated prepaid insurance account established as a liability account with a debit balance of $225,729 before the effect of audit adjustments. Accounts receivable at March 31, 2011 reflected a credit balance of $1,520,640.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-25

Condition, Continued

- The Authority did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2011. See finding reference number 2011-17 for additional discussion.


- Also noted unreconciled differences in the beginning (April 1, 2010) and ending (March 31, 2011) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program.

- Expired prepaid costs were not amortized at March 31, 2011 prior to the effect of an audit adjustment.

- The tenant rent revenue account prior to the effect of an audit adjustment reflected a duplicate rent charge due to an incorrect monthly closing by a Tenant Accounts Receivable Program staff.

Questioned Costs

None.

Context

Total amount of federal award expended for the year ended March 31, 2011 was $4,410,797.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-25

Effect or Potential Effect

Noncompliance with the requirements of HUD regulation and Board policy to include its impact on the performance of a timely and efficient audit.

Cause

Lack of a system in place to facilitate the timely analysis and review to ensure the completeness of all financial statements prepared.

Recommendation

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

Management's Response and Planned Corrective Action

The Authority concurs with the findings and recommendations and will be instituting monthly checklist procedures for both accounting and program activities.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-26

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

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

Condition
The results of our review of twenty-five (25) cash disbursement transactions (selected month December 2010) revealed the following conditions:

- Four (4) of twenty-five (25) transactions tested revealed instances where the expenses reviewed were charged to incorrect general ledger account numbers.

- In two (2) of twenty-five (25) cash disbursement transactions tested, supporting documentation in the form of invoices were misfiled or not available for our review.

- Invoices of six (6) of the twenty-five (25) transactions tested were not canceled to avoid the potential for duplicate use.

- We were unable in seventeen (17) of seventeen (17) required invoices of twenty-five (25) cash disbursement transactions tested, to observe any evidence of mathematical accuracy performed prior to payment on the referenced invoices.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-26

Condition, Continued

Two (2) of the twenty-five (25) transactions tested were incorrectly calculated and paid resulting in an overpayment of $1.55 in one (1) instance and an underpayment of $8.78 in the other instance.

- For four (4) of the twenty-five (25) transactions tested, the check requests attached were incomplete.

- The Authority was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.

- The Authority through and on behalf of its previous executive director disbursed via an “ACH” payment, one half of his monthly car allowance. The current interim executive director did not possess authorization until January 15, 2011.

- Two (2) of six (6) Housing Assistance Payments returned by the Authority’s banker were not reflected in the general ledger prior to the impact of an audit adjustment.

Questioned Costs

$300.

Context

Total federal award expended for the year ended March 31, 2011 was $4,410,797.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-26

Effect or Potential Effect

Deficiencies in the Authority's internal control which provides for an environment that is conducive to the misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and the Authority as a whole, coupled with the minimal level of management oversight afforded by the previous executive director.

Recommendation

The current interim executive director has initiated, developed and implemented procedures and processes approved by the Board of Commissioners in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should continue its review of the accounting processing system to ascertain its completeness. Also, all services requested should be reviewed for completeness prior to payment.

All supporting documents should be filed and maintained on a current basis.

Management's Response and Planned Corrective Action

The Authority is mindful that the period for cash disbursement was the month of December 2010. We refer you to the fact that the Board adopted Financial Management Procedures in July 2011. However, before all of the procedures were approved by the Board, in January 2011, management instituted by internal policies, check and balance procedures for accounts payable. Invoice accuracy is checked by the Director upon receipt and then processed through accounting; accounting checks for mathematical errors, checks against the purchase
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-26

Management's Response and Planned Corrective Action, Continued

order/contract and the signed receiving document; coded it against the appropriate expense account; attach check request for Director's signature. When the check is cut; the invoice and purchase order are stamped paid. This process has been effective since December 21, 2010.

Relative to the ACH payments, on December 21, 2010, the Interim Director, by inter-office memorandum, informed accounting that ACH would only be used for payroll, payroll taxes and landlord HAP payments. All other payments of any kind are made with a check, needing two signatures.

We are continuing to review our current policies and the Director reviews all paper work before signing of any checks. Our adopted financial policies and procedures include: Accounts payable; Rent Collection; Payroll Procedures’ Petty Cash; NSF Check policy; HCV Portability payments; Capitalization Policy; Inventory Control and Disposition; Budget preparation; Record Retention and Disposition; Insurance and Credit Card policy.

We concur with your recommendation relative to this finding and can clearly document to you that management has been and will continue to scrutinize all transactions.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-27

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

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

Condition

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. Currently, internal financial transactions processing of the Authority is performed primarily by a contracted staff with oversight by a contracted fee accountant. Also, the general ledger is interfaced with program transactions generated by staff from the Low Rent and Voucher Programs.

Noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls that impact the TENMAST software system's ability to provide complete and accurate information consistent with the financial reporting objectives and current needs of the Authority.
Reference Number, Continued
2011-27

Condition, Continued

Further, the Authority uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the complete and accurate generation of financial statements.

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

However, under the current interim executive director, the Board has approved subsequent to year-end, revised and/or new policies and procedures to address the referenced conditions. Furthermore, the Board has established a Finance Committee to provide an enhanced level of oversight of the finances of the Authority.

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2011 was $4,410,797.

Effect or Potential Effect

Deficiencies in the Authority's internal control system which provides for an environment that is conducive to the misappropriation of assets.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-27

Cause

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

Recommendation

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

Management’s Response and Planned Corrective Action

Management concurs with this recommendation and evaluating the need for a full-time accounting staff; weighing it against budgetary limitation in hiring additional staff. We are re-evaluating how the TENMAST system can be made to work more efficiently for the Authority. We do not believe that the Authority is maximizing the TENMAST products.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-28

Federal Program
Housing Choice Voucher Program (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
The Authority has established a system to ensure the timely billing for all portability activities with other housing authorities. However, payments from portability transactions are not segregated between housing assistance payments and fees to ensure accurate and complete financial statement reporting. In addition, portability collections totaling approximately $618,000 and recorded for the year ended March 31, 2011 included amounts for which management was unable to provide underlying supporting documents other than bank statements and copies of selected checks. Also, the collection based on our limited review, included prior year amounts for which the impact on the Authority's beginning net assets has not been performed because of the nature of recordkeeping.

It is our understanding that on April 1, 2011, management instituted revised procedures for accounting for portability related activities.

Questioned Costs
None.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number. Continued
2011-28

Context

Total federal award expended for the Housing Choice Voucher Program was $3,681,892 or (83)% of the total federal award for the year ended March 31, 2011.

Effect or Potential Effect

Incomplete financial statement information to include the potential for unrecorded fees earned and overstatement in cost incurred.

Cause

Lack of an adequate billing and recordation procedure for portability activities.

Recommendation

Management should continue to review its implemented procedures to ensure the complete billing and accounting for all portability related activities.

Management’s Response and Planned Corrective Action

As of April 2011, the Authority instituted a process for the payment of Ports-In and Out. These procedures have been adopted with the financial management procedures. We do however, agree that this procedure was not in place in fiscal year 2011. In addition, effective November 1, 2011, Port HAP payments, in and out, will be reflected in the General Ledger; additionally, HAP and URP payments will be recorded separately from the Authority’s register.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-29

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 statements as required by HUD and Board policy.

Condition

Our testing of three (3) employee files for payroll transactions executed during the month of December 2010 revealed the following conditions:

- Lack of a written payroll procedure to include an updated personnel Handbook.
- Unapproved leave request form for one (1) of three (3) employees tested.
- The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by the Authority. Further, leave information was not adequately tracked to ensure completeness.
- No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll to include the required immigration form (I-9).
HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2011

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-29

Condition, Continued

- Incorrect insurance deduction in all three (3) employees tested.
- Vacation time used by one (1) employee was incorrectly charged to regular time.

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2011 was $4,410,797.

Effect or Potential Effect

Noncompliance with Board policy and civil service regulations.

Cause

Lack of an effective personnel administration process in place.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-29

Recommendation

The interim executive director should continue to review and implement changes to the Authority's personnel administration process aimed at the establishment of a system that will ensure the accurate and complete capture and recordation of all transactions associated with personnel cost, and to provide for the maintenance of all required documents to include the necessary State Civil Service approvals.

Management's Response and Planned Corrective Action

Management concurs with this recommendation. This recommendation is a prior year finding. January 2011, personnel files were established for each employee. Files include tax information, applications, direct deposit information, State civil actions, deductions, leave request and approvals.

We concede that we have a problem with prior documentation of actions in this file, especially relating to civil service. Management met with Civil Service in Baton Rouge to determine how we could fairly re-create the leave information for each employee. The meeting uncover other issues that we need to address, since two employees did not have State Civil Service status. However, management realizes that the Authority needs to devise an equitable and fair system to determine the leave record of each employee since the Authority does not have documentation prior to December 2010. It also appears that employees did not keep or have not shared with management any form of documentation demonstrating that leave has been taken.

In April 2011, through internal memo, leave procedures were sent to all employees by the Interim Executive Director, spelling out the procedures for both annual and sick leave; how it is recorded and how it is granted.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-30

Federal Award Program

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

Criteria

Management is responsible for ensuring the integrity of the books and records by implementing controls which ensure approval of transactions by an appropriate level supervisor/officer and for implementing monitoring and oversight controls including the preparation of complete and reconciliation of significant general ledger accounts such as cash, receivables, prepaid assets, revenues, expenses, etc.

Condition

The operating bank account reconciliations for the PHA Owned and Voucher Choice Housing Programs at December 31, 2010 and March 31, 2011 revealed the following conditions:

- PHA Owned and Voucher Housing Programs December 2010 and March 2011 bank account reconciliations were incomplete because the beginning and ending balances as reflected on the reconciliations did not agree to their respective general ledger balances. Further, we noted other conditions such as the improper accounting for voided checks, stale dated checks, interest earning on the bank account balance, tenant payments and deposits of “EFT” returns, etc.

  Both bank account reconciliations were not prepared on a timely basis. As a result of this condition, the reconciliations provided lacked supervisory review.

- Unreconciled differences resulting from the reconciliations were not resolved and adjusted on a timely basis. As such, the reconciliations for December 2010 and March 2011 listed several proposed adjustments.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-30

Condition, Continued

- Two unsigned checks totaling $251,590 prepared by the previous executive director and not distributed at December 31, 2010 (selected month reviewed), were reported on the bank account reconciliations as outstanding checks.

- Numerous adjustments proposed by the Authority in an effort to “catch-up” on various reconciliations lacked the appropriate supporting documents to justify recordation of entries generated from the reconciliations.

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2011 was $4,410,797.

Effect of Potential Effect

Completeness in prepared financial statements.

Cause

Transitional challenges coupled with the lack of an established procedure to ensure the timely preparation and complete review of bank account reconciliations.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-30

Recommendation

We recommend that management revisit with its current processes to ensure the development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences. Further, all adjustments resulting from the reconciliations should be adequately supported to justify recordation.

Management's Response and Planned Corrective Action

The Authority concurs with this funding as of December 2010. Currently, the Authority has five bank accounts and instructions have been given to ensure that all reconciliations are current. A monthly checklist of all items for the Director's review has been sent to all staff; implementation to begin November 1, 2011. The two checks totally $251,590 were cut by the former director as his compensation at termination. The Chairman of the Board destroyed the checks and accounting voided the checks in April 2011. Therefore, we concur with the need for monthly bank reconciliations and will continue to make certain that all accounts are properly reconciled.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-31

Federal Award Program

PHA Owned Housing and Capital Fund 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 testing of capital assets at March 31, 2011 revealed the following conditions:

- Noted no maintenance of capital assets subsidiary ledgers for all PHA Owned and Capital Fund Programs. However, a detail schedule maintained for office equipment did not agree to the general ledger control account balance by approximately $26,000. Further, we were unable to conclude on the completeness of a proposed client adjustment to address the referenced difference. Our judgment was impacted by the fact that some selected unit costs used in the detail priced-out schedule lacked supporting documentation to facilitate the determination of the validity of the unit cost.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-31

Questioned Costs
None.

Context
Total federal award for the PHA Owned and Capital Fund Programs was $512,815 or (12)% of the total federal award for the year ended March 31, 2011.

Effect or Potential Effect
Lack of required subsidiary ledgers to facilitate the complete accounting for all capital assets.

Cause
Maintenance of supporting documents to support underlying assets.

Recommendation
Management should cause for a complete reconciliation of all capital assets to their physical count, subsidiary ledgers and general ledger control account. This process should include the establishment and maintenance of all required subsidiary ledgers.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-31

Management's Response and Planned Corrective Action

The Authority concurs with this finding. Within the next 90 days, the Authority will review its inventory, general ledger, purchase orders, and other documentation to develop an accurate capital asset schedule and will make the adjustments in the system where necessary. Unfortunately, a number of reported payments in the general ledger were no doubt for equipment, primarily computer equipment, that were charged on a credit card and descriptions are not sufficient enough to justify the classification of expense.

We also concur with establishing a subsidiary ledger for capital projects. The Authority has target November 1, 2011 to establish both ledgers, capital assets and capital projects.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-32

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 selected general ledger control accounts and related subsidiary ledgers revealed the following conditions:

- The March 31, 2011 accrued vendor payables balance prior to the impact of audit adjustments, was overstated. The overstatement resulted from the Authority recording the liquidation of prior year's accrual as current year's expenses.

- Security deposit balance reported on the general ledger prior to the impact of audit adjustment did not align to the detail schedule provided to us by approximately $9,000.

- The monthly Housing Assistance Payments (HAP) register was not being generated to facilitate the complete reconciliation to the general ledger by Finance on a timely basis.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-32

Condition, Continued

Currently, HAP expenses are recorded to the general ledger based on bank statement activities. While the Voucher Program’s monthly processes interface with the general ledger, there is no procedure in place to ensure its completeness and accountability by type of program (regular HAP, portability, DHAP, etc.).

For the months of December 2010 and March 2011, we were unable to agree the general ledger control balances to the respective HAP register balances. The Authority provided a landlord payment register which differed from the general ledger account balance for the referenced dates.

Questioned Costs

None.

Context

Total federal award expended for the year ended March 31, 2011 was $4,410,797.

Effect or Potential Effect

Noncompliance with Board policy or directive.

Cause

Lack of an effective system in place to ensure the timely reconciliation and/or analysis of HAP financial activities.
Reference Number, Continued
2011-32

Recommendation

We recommend that all significant general ledger control accounts should be reconciled monthly to associated subsidiary ledgers. All differences must be resolved with any resulting adjustments posted immediately.

Management's Response and Planned Corrective Action

The Authority concurs with this finding. Beginning November 1, 2011, the HAP register will be reconciled to the general ledger and any manual adjustments will be posted by the 10th of each month.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-33

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 statements as required by HUD and Board policy.

Condition
During the year ended March 31, 2011 the Authority implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where management was unable to provide support for the basis of common cost allocated. Further, costs were allocated in instances where the allocable costs, if any, had not been properly recorded to the cost object.

Questioned Costs
None.

Context
Total federal award expended for the year ended March 31, 2011 $4,410,797.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-33

Effect or Potential Effect

Misallocation of shared costs to the respective programs administered and potential noncompliance with the requirements of OMB Circular A-87.

Cause

No documented procedure in place to provide staff with the methodology for cost allocation.

Recommendation

We recommend a review of the current cost allocation process to ensure the accurate capture and recordation of all transactions. Further, management should document the basis for and allocation amount for all shared costs. Pursuant to the requirements of A-87, management should on a semi-annual basis, ensure that employees working a single cost object or a supervisor with first hand knowledge of the work performed by such employees, certify that the employees worked only on that one cost object.

Management’s Response and Planned Corrective Action

The Authority concurs with the finding. The improper allocation of costs was identified as the director’s contract and workmen’s compensation. The adjustments have been made to reflect an accurate allocation of cost between low-rent and HCV. The allocation of cost will be reviewed on a monthly basis by the Director beginning November 1, 2011.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number
2011-34

Federal Program
PHA Owned Housing Program (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
The Authority’s December 2010 TENMAST rental register revealed the following conditions:

- The rental register (rent roll) amount reflected an incorrect rent charge from the amount reflected on the tenant lease (the system charged a partial rent instead of the applicable months full rent). Further, in another instance, an incorrect rent was charged due to the fact that the Authority failed to pro-rate the tenant’s rent in the first partial month of occupancy.

Questioned Costs
None.
Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2011-34

Context

Total amount of federal awards expended for the year ended March 31, 2011 was $4,410,797.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulation and Board policy to include its impact on the performance of a timely and efficient audit.

Cause

Lack of an established process to ensure the completeness of monthly rental activities.

Recommendation

Management should revisit with its current tenant rental processing to ensure that monthly rent transactions and other charges are complete and accurate.

Management's Response and Planned Corrective Action

The Authority concurs with this finding. This finding was identified in the month of December 2010. Currently, all files (manual and TENMAST) are reviewed monthly for accuracy. On the 20th of the month, statements are sent to residents for the following months rent. The rents on the TARS are compared to the rent register to identify differences in each report. If errors have occurred, corrections are made immediately. This policy also took effect April 2011.
Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Numbers

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

- The March 31, 2010 general ledgers for the PHA Owned Housing and Voucher Programs did not reflect the impact of shared cost except for payroll.

  Further, the allocated payroll cost included approximately $19,000 of temporary labor cost prior to the effect of an audit adjustment.

  Some of the significant shared and specific program costs noted included inspection cost for the Voucher Program in the amount of $23,312, employee benefit cost of $118,947, travel cost of $21,835, office supplies of $27,683, etc. Currently, all expenses are paid through the operating account of the PHA Owned Housing Program Fund.

- The March 31, 2010 general ledger for the PHA Owned Housing Program reflected an out of balance condition in the amount of $4,614.

- A review of the general ledger detail revealed several misclassification and/or miscoding of financial transactions.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Numbers, Continued

Condition, Continued

- Two (2) checks physically voided were not reflected on the general ledger as voided. A replacement check was not recorded on the general ledger.

- The general ledger for the Voucher Program had revenue and related receivable overstated in the net amount of $1,071,493 for the year ended March 31, 2010 prior to the effect of an audit adjustment. Operating and capital grants while deposited into the Authority’s bank account upon drawdown were not properly recorded in the respective general ledger accounts.

- General ledger accounts for prepaid insurance, receivables, security deposits and payables reflected balances contrary to the normal account balances. For instance prepaid insurance reflected a credit balance of approximately $25,019 and an associated prepaid insurance account established as a liability account with a debit balance of $102,384 before the effect of audit adjustments.

- The Authority did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2010. See finding reference number 2010-19 for additional discussion.

- At March 31, 2010, interfund activities reflected an out-of-balance condition of $2,088,065 prior to the effect of audit adjustments totaling $1,399,389.

- Also, noted were unreconciled differences in the beginning (April 1, 2009) and ending (March 31, 2010) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

Recommendation

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

Current Status


In response to the findings listed, the Authority has taken the following steps:

- Developed an allocation plan on February 1, 2011, approved by the interim executive director and ratified by the Board of Commissioners in April's Board meeting.
- Worked with TENMAST to resolve out of balance condition of $4,614 in May 2011.
- Developed financial policy and procedures during April, May, and June 2011 that addressed:
  - Cash: Receipt, Deposit, Disbursement, Bank Reconciliation, void checks;
  - Month end financial close;
  - General ledger review for misclassification of expense, as well as expense eligibility determination prior to expenditure;
  - Budget to actual management reports;
  - Payroll authorization and disbursement; and
  - Health insurance deductions from prior to 2010.
- Approval of financial policies by the Board of Commissioners in July 2011.
- Continued work with auditor and TENMAST to resolve the interfund out of balance.
Reference Numbers
2010-02, 2010-31 and 2007-15

Condition

The results of our review of seventy-three (73) cash disbursement transactions revealed the following conditions:

- Twenty-two (22) of seventy-three (73) transactions tested revealed instances where expenses were not charged to the correct general ledger account number.

- Twenty-four (24) of the seventy-three (73) transactions tested were not supported with invoices. Five (5) of the twenty-four (24) transactions involved credit card purchases consisting of twenty-three (23) individual transactions totaling $13,240. $7,395 of the $13,240 in credit card purchases not supported by invoices involved travel expenses. Three (3) of the purchases were described on the voucher section of the check as "gas to pick up computers" in Atlanta, Georgia on August 26, 2009 with a return date of August 30, 2009 (dates are based on transaction dates on the credit card statement). We were unable to identify any additional cost associated with this travel. According to the Authority’s travel policy signed September 1, 1997, all amounts over thirty (30) dollars must be vouchers to receipts.

- Supporting documentation, in the form of invoices and cancelled checks for eleven (11) of the seventy-three (73) transactions selected for testing were not available for our review.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued
2010-02, 2010-31 and 2007-15

Condition, Continued

- Three (3) of seventy-three (73) transactions tested were incorrectly expensed in the current period. One of the three (3) transactions involved credit card statements consisting of four (4) individual transactions totaling $1,213.

- Invoices for fifty-three (53) of the seventy-three (73) transactions tested were not canceled to avoid duplicate use.

- Sixteen (16) of the seventy-three (73) transactions totaling $12,726 tested were ineligible expenses. A detail of the expenses follows:

  - $5,000 Donation to non profit organization
  - 500 Payment to non profit organization's executive director
  - 7,100 Auto allowance to former executive director
  - 126 Flowers to former executive director's father and other third party

$12,726

The contract executed with the former executive director allowed for a car allowance or a vehicle purchased by the Authority.
On June 30, 2008, the Authority purchased a vehicle used exclusively by the former executive director. Further the insurance coverage on the vehicle listed the former executive director as the only authorized driver.

- Fifty-nine (59) of the seventy-three (73) transactions tested exhibited no evidence of the verification of the mathematical accuracy of the invoices prior to payment.

- Twenty-seven (27) of the seventy-three (73) transactions tested involved transactions incurred on behalf of and approved by the former executive director.

  Most of the transactions involved payment of a car allowance, per diem, purchase of flowers, etc.

- For four (4) of the seventy-three (73) transactions tested, the check request bore no written approval by the former executive director or a designated staff.

- We noted two (2) package deliveries to and from the former executive director while in Kansas for which we are unable to determine the business purpose based on information provided to us.

- The Authority was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Numbers, Continued
2010-02, 2010-31 and 2007-15

Condition, Continued

- The Authority overpaid on its credit card statement balance due by $2,443 for the statement period from March 11, 2009 through April 10, 2009.

- In a disbursement made to a contractor for inspection services performed, we noted where the mileage charged was not in agreement with the terms of the executed contract calling for the use of the applicable government rate (fifty-five cents in 2009 and fifty cents in 2010).

- Two (2) of the five (5) inspected units detailed on the log submitted were unassisted units. Based on discussion with management, we were unable to determine the basis for the inspection and associated cost.

Recommendation

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

Management and the Board should consider an in depth review of transactions executed to ensure propriety.
HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2011

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

Reference Numbers, Continued
2010-02, 2010-31 and 2007-15

Current Status


The Authority has taken the following steps to address the findings:

-- Development of financial management policy and procedures including a revised
   travel policy including Board approval in July 2011.

-- Interim Executive Director banned the use of credit cards until the completed
   procurement/travel policy. This ban was effective January 24, 2011.

-- On January 24, 2011, the Interim Executive Director has implemented policy that
   only allows wire and ACH transactions to be done for payroll, tax deposits and
   landlord checks.

-- No invoices are paid without a purchase order or contract effective January 24,
   2011.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Numbers
2010-03, 2010-32, 2009-02, 2009-14, 2008-01, and 2007-02

Condition

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

Noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls that impact the TENMAST software system from providing complete and accurate information consistent with the financial reporting objectives and current needs of the Authority.

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

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

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued
2010-03, 2010-32, 2009-02, 2009-14, 2008-01, and 2007-02

Current Status

The following steps have been taken by the Authority in respect to the findings:

-- Developed an allocation plan on February 1, 2011, approved by the Interim Executive Director and ratified by the Board of Commissioners in April's Board meeting.

1) Interim Executive Director has reassigned duties and responsibilities to existing staff.
2) Retained Fee Accountant and retained additional administrative/accounting services and changed the scope of their services to establish better fiscal and internal controls.

-- The Authority has revised the scope on CPA to include Fee Accountant responsibilities.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Numbers
2010-04, 2010-33, 2009-03 and 2007-01

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

Recommendation
Management should continue to explore and commit the required level of resources necessary to ensure its ability to provide complete financial information and design internal control policies and procedures to minimize, if not eliminate, the potential for misappropriation of assets.

Current Status
Partially resolved. For the 2011 audit, the initial draft financial statements and footnotes were prepared by the Authority’s fee accountant.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

Condition

The March 31, 2010 audit report for the Authority was submitted within an approved extension request.

Recommendation

Management should continue to work towards a resolution of all factors currently impacting its ability to submit timely reports.

Current Status

Resolved.
Reference Number
2010-06

Condition

The Authority does not have a system in place to ensure the accurate and timely billing for all portability activities with other housing authorities. Further, payments from portability transactions are not segregated between housing assistance payments and fees to ensure accurate and complete financial statement reporting.

Recommendation

Management should develop and implement procedures to ensure the timely and complete billing for all portability activities.

Current Status


In response to the findings listed, the Authority has taken the following steps:

- In May 2011, the Accounting Department implemented an accounts receivable/payable system in conjunction with the Section 8 manager.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number
2010-07

Condition

Our request for payroll documents for the Authority's personnel revealed the following conditions:

- We noted through a review of the Authority's payroll register for the period from April 2009 through March 2010, no charge for annual and/or sick leave use for the former executive director. Further, we noted no records on file to support approval of leave use by the Board.

- The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by the Authority.

- No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll.

- We selected six (6) employees and requested their approved leave request noting in four (4) of the six (6) no approval at the supervisory level for leave used.

For the remaining two (2), the Authority could not locate the approved leave use request.

Our review of the December 2009 payroll register revealed the accrual of incorrect leave earned as a result of duplicate posting of payroll for the December 10, 2009 payroll. We noted no subsequent correction of the error.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued
2010-07

Condition, Continued

A review of gross payroll and deductions except for federal and state income taxes for two (2) employees for December 2009 (test month selected) revealed in one instance where the deduction for health insurance for the former executive director was not correctly calculated to the benefit of the former director and in another instance, no deduction for health insurance was deducted from an employee also to the benefit of the employee. Total estimated impact was approximately $1,416 for the 2010 fiscal year.

Recommendation

We recommend a review of the current personnel administration process to ensure the implementation of a system that will accurately capture and record transactions, providing for all required documents to include the necessary State Civil Service approvals.

Management should perform an in depth review of payroll transactions to ensure completeness.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued
2010-07

Current Status


The Authority has reviewed the findings and the following has been completed:

- We reviewed State's Civil Service regulations on leave accrual and met with state civil service to recreate non-existent civil service records in April, 2011.

- We are working to verify TENMAST accrual calculations.

- We are working to recalculate leave accrual for the Authority's employees.

- In June 2011, we established personnel files to include leave requests, payroll deductions and accurate up to date tax deductions.

- In the process of discussing with the Board, any leave that will be carried over for employees.

- Upon completion of personnel policies; all policies will be distributed to employees.
Reference Number
2010-08

Condition

At March 31, 2010, the Authority has collected bank balance on deposit with its banker of $5,904,209, of which $439,447 was under collateralized in excess of the current $250,000 FDIC limit and pledged amount.

Recommendation

We recommend that management ensures that all funds are adequately collateralized at all times.

Current Status

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

Reference Number
2010-09

Condition

Our testing of capital assets at March 31, 2010 revealed the following conditions:

- The construction cost associated with the main office of approximately $312,000 was not correctly reflected in the general ledger under the asset category.

- Supporting documentation for the construction cost incurred for the main office was not available. However, the Authority was able to secure copied documents from its legal counsel.

- The GASB 42 calculation (depreciation expense, gain on insurance proceeds, etc) and recordation of the associated impairment loss was not complete.

- Construction in progress included $26,693 of cost associated with the completed construction of the main office building.

- Additionally, we noted an overpayment in the amount of $6,600 to an architect on invoice payment number 10. A subsequent invoice payment number 12 was adjusted by the architect to reflect the benefit in the overpayment. Further, based on discussions with management and review of the architect’s contract, we noted an error in the out of pocket cost line item. The contract should have read $5,000 and not $500,000. The total contract award was $344,000.

- The detail listing for furniture and fixtures provided to us for the March 31, 2010 fiscal year end, did not agree to the general ledger amount.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

**Reference Number, Continued**
2010-09

**Recommendation**

Management should revise its current practice to ensure the level of oversight necessary for the completeness and accuracy of its financial statements.

In addition, the level of due diligence to include management's oversight exercised in the execution of all documents should be enhanced to ensure completeness and propriety of all executed documents.

**Current Status**


Beginning April 2011, Management review is included in the procedures, and is incorporated in the financial handbook and that has been approved by the Board of Commissioners.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers
2010-10 and 2007-13

Condition

On June 25, 2009, the Authority's Board of Commissioners adopted a Retirement Plan for the Authority. The plan called for a prior service credit for the former executive director not to exceed eighty-four (84) months. We noted that a wire transfer of $52,520 was executed by the former executive director to fund the plan. The wire transfer did not comply with the cash disbursement policy of the Authority. Further we noted that the amount did not accommodate funding for other employees who were eligible and had elected to participate.

At March 31, 2010, the obligation for the remaining employees was not recorded in the accompanying financial statements.

Also, based on our limited review, it appears that the retirement plan was over funded to the benefit of the former executive director as a result of the use of an incorrect wage base.

Recommendation

We recommend that all cash disbursement transactions should be executed in accordance with the Board’s policy requiring a dual signature.

Further wire transfers should be subject to such approval to minimize the risk associated with control by one individual.

Management should review the referenced transaction for completeness.

Current Status

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

Reference Numbers
2010-11, 2004-03, 2002-07 and 2001-04

Condition
The annual Section Eight Management Assessment Program (SEMAP) Certification report was not submitted within sixty (60) days of the Authority's year end.

Recommendation
We recommend the development and implementation of a global reporting matrix system to ensure the timely submission of all required reports.

Current Status
Partially resolved.

The Authority's actions on these findings is as follows:

-- The Interim Executive Director has given each employee a timeline of submission dates for all reports and information and this timeline will be reviewed on a weekly basis at staff meetings.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Numbers
2010-12, 2009-09, 2009-06, 2008-06 and 2008-07

Condition

In all twelve (12) tenant files reviewed, we noted no written evidence on file to support verification of all prior lease violations. However, we noted in some instances where, the Authority had secured criminal reports.

Recommendation

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

Current Status

Unresolved. See current year’s finding reference number 2011-14.

In response to the findings listed, on March 1, 2011 the Authority implemented the following procedures:

-- Creation of 50058/e-trans in ORC at time of move-in;
-- Uploading 50058 to PIC at time of move-in;
-- After 60 days, print EIV record which includes, “Debt owed PHA and termination”, income information, verification reports; and
-- File all reports and documents retrieved from EIV in tenant files.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Numbers
2010-13 and 2009-07

Condition

For all twelve (12) tenant files reviewed, we were unable to verify the priority in selection from the Authority’s waiting list. It is our understanding through discussion with management that the waiting list is maintained on “real-time”.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR section 960.206 through 960.208 to ensure that all files contain complete information to support the order of selection from the waiting list.

Current Status

Unresolved. See current year’s finding reference number 2011-23.

In response to the findings listed, on March 1, 2011 the Authority implemented the following procedures:

- Printing the waiting list at the beginning of fiscal year.
- Printing the waiting list in tenant file after offer is made.
- Printing the activity report and putting it in tenant’s file.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number
2010-14

Condition
In two (2) instances of twelve (12) files reviewed, we noted the lack of written documented evidence of community services performed by eligible tenants.

Recommendation
Management should review its existing procedures to ensure its effectiveness in ensuring compliance with the community services component of HUD regulation.

Current Status

In February 2011, in response to the findings listed, the Authority implemented the following procedures:

-- Tenant handbook has been created to include community service policy and forms.

-- Tenants are given community service exemption form to complete as part of the move-in process, placed in tenant file.

-- Tenants are required to complete the community service exemption form at re-examination, to be placed in tenant file.
Reference Number
2010-15

Condition

In eleven (11) instances of twelve (12) files reviewed, we noted no documented evidence of an independent verification of the tenants income. Seven (7) of the files cited had "EIV's" on file dated for January 2011.

Recommendation

We recommend the establishment of an effective monitoring system that ensures completeness of all tenant files. Further management should revise its procedures to comply with the requirements of HUD Notice PIH 2010-3 (HA).

Current Status

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

Reference Number
2010-16

Condition

In one (1) of the twelve (12) files tested, we noted an instance where the social security number inputted for the tenant and filed Form HUD 50058 was incorrect.

Recommendation

Management should revisit with its oversight process to ensure its adequacy in identifying and correcting all errors in the certification and/or re-certification process.

Current Status

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

Reference Number
2010-17

Condition

In all twelve (12) files tested, the utility allowance used in the calculation of tenant rent was not current (within twelve months). Board minutes reflect an approved utility survey in May 2010. Further, in one instance, the allowance amount used was different from the others without a basis for such use.

Recommendation

We recommend compliance with the requirements of 24 CFR, regarding the use of current data in the calculation of tenant rent.

Current Status

Unresolved. See current year's finding reference number 2011-16.

In response to the findings listed, the Authority implemented the following procedures in March 2011:

- All tenants have been reviewed for current utility allowance.
- Current utility allowance are placed in tenant files.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number
2010-18

Condition
In one (1) of twelve (12) files tested, we noted where the documented verification of the family’s income was not used in the calculation of tenant’s rent amount. The income used in the determination of the tenant’s rent amount was the net pay from selected check stubs.

Recommendation
Management should provide the necessary training and supervisory oversight to ensure the completeness of tenant file documents.

Current Status
Unresolved. See current year’s finding reference number 2011-17.

In response to the findings listed, the Authority implemented the following procedures in March 2011:

-- Management has implemented a quality control system whereby the Section 8 Supervisor reviews 100% of tenant files, verifying proper income verifications, rent calculations, HQS inspections, allowable deductions, etc. Additionally, the Interim Executive Director randomly selects tenant files to review for completeness on a weekly basis.
HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2011

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

Reference Number
2010-19

Condition

Based on review of the program and records, available we noted the following:

- The DHAP financial transactions (housing assistance payments and HUD operating grants) for the year ended March 31, 2010, were included in the records of the PHA Owned Housing Program as a net amount.

- The Authority provided us with an “ACH” disbursement report in lieu of a HAP register. The report did not include all pertinent information required in a housing assistance payment register.

- The records for DHAP are not maintained in a complete and accurate manner to facilitate a speedy and effective audit.

Recommendation

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

Current Status

Unresolved. See current year’s finding reference number 2011-18.

Management concurs with this finding and is working to recreate a spreadsheet to document the known DHAP Katrina and DHAP Ike transactions, specifically in reference to the upcoming audit period. The spreadsheet will serve as a schedule to those entries made in TENMAST.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers
2010-20 and 2009-10

Condition
In one (1) instance of twelve (12) files reviewed, the date of birth reflected on the tenants birth certificate did not agree with the date submitted via the Form HUD 50058.

Recommendation
We recommend that a monitoring system that includes supervisory oversight for submitted reports be used to ensure the completeness in tenant data.

Current Status
Resolved.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Numbers
2010-21, 2009-11, 2008-09, 2004-02 and 2008-10

Condition

During the year ended March 31, 2010, all move-ins into the Authority’s Voucher Program were through DHAP participants. Based on our review of the waiting list provided to us by the Authority, we noted that the listing was not up to date. Further, no recent analysis of the waiting list had been prepared.

The level of Housing Choice Voucher Program move-ins during the 2010 fiscal year has and continues to impact the lease-up level of the Voucher Program.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR section 982.202 through 982.207. Further, management should re-evaluate its outreach program in order to help maintain its required lease-up level.

Current Status

Partially resolved.

In response to the findings listed, the Authority has taken the following steps:

-- During the month of February 2011, the Section 8 staff started the process of interviewing from a “closed” waiting list. The scheduled date for working through the list is June 30, 2011.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Numbers
2010-22 and 2006-07

Condition

In one (1) of the fifteen (15) files reviewed, we noted that the rent reasonableness certification was not correctly performed using an unassisted unit.

Recommendation

We recommend compliance with the requirements of 24 CFR regarding rent reasonableness certification. Periodic supervisory sampling should be performed as dictated in the SEMAP certification.

Current Status

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

Reference Number
2010-23

Condition

For our selected test month of December 2009, we noted that the "VMS" reporting preparation process was performed on a manual basis. Currently, that process provides opportunities for errors as the level of detail undertaken by the Authority in isolating and identifying current versus prior month adjustments to reconcile to the HAP register, regular versus DHAP etc., is very labor intense.

We were unable to verify the completeness of the information provided for the December 2009 submission.

Recommendation

We recommend that management explore and consult with its software provider on resources available to generate the required data efficiently.

Current Status

Unresolved. See current year's finding reference number 2011-22.

In response to the findings listed, in February 2011, the Authority took the following steps:

-- We have utilized the TENMAST report writing feature to automate the VMS data collection process. Test report has been verified and was implemented in time to report February's results.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number
2010-25

Condition

Our review of construction contracts for the Washington Height and Country Garden locations for the Authority, revealed the absence of documented evidence for labor and mechanical workers. Total cumulative construction cost through March 31, 2010, was $2,733,837.

Recommendation

We recommend that management ensures compliance with the requirements of the Davis Bacon Act in all future contracts.

Current Status

Partially resolved.

In response to the findings listed, the Authority has taken the following steps:

-- Procurement policy will set forth procedures to include contract verbiage for the following:

  Davis Bacon
  Anti Lobbying
  Insurance/Bonding
  Licensing
  Worker’s Compensation Insurance
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number
2010-26

Condition

Noted no executed depository agreement on file for all bank accounts maintained by the Authority.

Recommendation

We recommend that management execute a depository agreement with its banker.

Current Status

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

Reference Numbers
2010-24, 2007-16 and 2007-20

Condition

For thirteen (13) of seventy-three (73) transactions tested, we noted no documentation to support the basis and type of procurement method used. Also, we noted credit card purchases totaling $54,568 which appear to circumvent the procurement policy of the Authority.

Recommendation

We recommend that management maintain on file the type and basis for procurement to include all cost analysis and evaluation.

Further, management should formalize a credit card use policy.

Current Status

Resolved.
Reference Numbers
2010-27 and 2007-18

*Condition

In July 2009, the former executive director executed a check for $13,000 payable to himself. We were unable to review any documents to support the disbursement.

The inscription on the check voucher section read disbursement for retro pay. Further, we noted that the payment was made through the accounts payable process and not payroll. As such, the disbursement was without the benefit and associated FICA taxes. We also noted that a 1099 was issued instead of inclusion in the Internal Revenue service form W-2 issued.

Recommendation

We recommend that the new management review the reference disbursement in terms of its validity.

Current Status

Unresolved.

In response to the findings listed, beginning March 2011, the Authority has taken the following steps:

--- Development of financial management policy and procedures that addressed:

  Payroll authorization and disbursement.
  Board approval on pay increases and/or contracts will be in accordance with HUD regulations.

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

Reference Number
2010-28

*Condition

In July 2009, the Authority approved a five (5) year contract with the former executive director without the benefit of HUD’s approval.

Recommendation

We recommend that the new management discuss the reference violation with HUD.

Current Status

Unresolved.

In response to the findings listed, the Authority has taken the following steps:

--- The Board of Commissioners has authorized the Interim Executive Director to seek outside counsel and legal advice to review the validity of the former Executive Director’s contract.

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

Reference Numbers
2010-29, 2009-12 and 2008-11

Condition

Based on review of five (5) tenant files, we noted the following:

- We were unable to identify tenant approval from the DIS System for all five (5) files.
- We were unable to verify if completed tenant information had been inputted into the DIS System for all five (5) selected tenants.
- In all instances, we were unable to verify compliance with rent paid amount in terms of reasonableness and alignment with fair rent. Also, noted no inspections performed.

The overall condition of the DHAP records does not facilitate an effective and efficient audit.

Recommendation

Management should evaluate the conditions previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all disbursements.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers
2010-29, 2009-12 and 2008-11

Current Status

Unresolved. See current year's finding reference number 2011-18.

In response to the findings listed, the Authority has taken the following steps:

-- Management concurs with this finding but is working to recreate a spreadsheet to document the known DHAP Katrina and DHAP Ike transactions, specifically in reference to the upcoming audit period. The spreadsheet will serve as a schedule to those entries made in TENMAST.
Section IV - Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number
2010-34

Condition
For the year ended March 31, 2010, net operating loss was $1,098,148. Approximately seventy-six (76%) percent of the loss is attributable to the Voucher Program.

Based on our review of the authorized budget of $2,205,689, the Authority earned $1,571,604 or seventy-six (76%) percent of the authorized budget amount in part due to the level of leased-up.

Recommendation
We recommend that management immediately review the current financial status of the Voucher Program. Further analysis of the housing assistance payments should be performed to align with the level of authorized funding.

Current Status
Partially resolved.

We are currently in the process of verifying and reconciling the Authority’s net restricted assets (NRA) and determining the source of the deficit. We will be meeting with HUD to verify our numbers.
Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers
2009-08 and 2008-08

Condition

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

Recommendation

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

Current Status

Partially resolved.

In response to the findings listed, the Authority implemented the following procedures in February 2011:

-- EIV reports are on file with signed tenant certification.

-- 3rd Party verification forms are processed and placed in tenant files.
Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued

Reference Number
2007-19

*Condition

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

Recommendation

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

Current Status

Unresolved.

In response to the findings listed, the Authority has taken the following steps:

- Management is currently calculating the financial ramifications resulting from this finding in order to make recommendations to the Board of Commissioners on its resolution.

* Repeated.
Section IV - Status of Prior Year’s Audit Findings and Questioned Costs, Continued

Reference Number
2005-01 and 2005-03

*Condition

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

Recommendation

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

Current Status

Unresolved.

The status of the following finding is as such:

--- Develop policy and procedures manual that will enhance internal controls:

1) Interim Executive Director has reassigned duties and responsibilities to existing staff.
2) Retained Fee Accountant and retained additional administrative/accounting services and changed the scope of their services to establish better fiscal and internal controls.
Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued

Reference Number, Continued
2005-01 and 2005-03

Current Status, Continued

The Authority has revised the scope on CPA to include Fee Accountant responsibilities.

*Repeated.
Section V - Other Matters

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

Reference Number

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

*Condition

The Authority has a process for determining rent reasonableness and documents the files to show the rent is reasonable as required. However, the Authority does not perform a quality control sample to determine if the Authority followed its written method to determine reasonable rent for new admissions, rental increase requests and decreases in fair market rents.

Corrective Action

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

Current Status

Unresolved.

In response to the findings listed, the Authority has taken the following steps:

-- Management has implemented a quality control system where by the Section 8 Supervisor reviews 100% of tenant files, verifying proper income verifications, rent calculations, HQS inspections, allowable deductions, etc. Additionally, the Interim Executive Director will randomly select tenant files to review for completeness.

*Repeated.
Reference Number
HUD - 09-02 - Failure to Conduct Quality of Determination of Adjusted Income

*Condition

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

Corrective Action

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

Current Status

Unresolved.

Management has implemented a quality control system whereby the Section 8 Supervisor reviews 100% of tenant files, verifying proper income verifications, rent calculations, HQS inspections, allowable deductions, etc. Additionally, the Interim Executive Director will randomly select tenant files for completeness.

*Repeated.
Section V - Other Matters, Continued

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

*Condition

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

Corrective Action

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

Current Status

Unresolved.

Management has implemented a quality control system whereby the Section 8 Supervisor reviews 100% of tenant files, verifying proper income verifications, rent calculations, HQS inspections, allowable deductions, etc. Additionally, the Interim Executive Director will randomly select tenant files for completeness.

*Repeated.
Section V - Other Matters, Continued

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

*Condition

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

Corrective Action

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

Current Status

Unresolved.

Management has implemented a quality control system whereby the Section 8 Supervisor reviews 100% of tenant files, verifying proper income verifications, rent calculations, HQS inspections, allowable deductions, etc. Additionally, the Interim Executive Director will randomly select tenant files for completeness.

*Repeated.
Reference Number
HUD - 09-05 - Failure to Implement Expanding Housing Opportunities
to Encourage Owner Participation

*Condition

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

Corrective Action

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

Current Status

Unresolved.

Management has implemented a quality control system whereby the Section 8 Supervisor reviews 100% of tenant files, verifying proper income verifications, rent calculations, HQS inspections, allowable deductions, etc. Additionally, the Interim Executive Director will randomly select tenant files for completeness.

*Repeated.
Reference Number
HUD - 09-06 - Failure to Conduct Timely Annual Re-Examinations

*Condition

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

Corrective Action

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

Current Status

Unresolved.

Management has implemented a quality control system whereby the Section 8 Supervisor reviews 100% of tenant files, verifying proper income verifications, rent calculations, HQS inspections, allowable deductions, etc. Additionally, the Interim Executive Director will randomly select tenant files for completeness.

*Repeated.
Section V - Other Matters, Continued

**Reference Number**

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

**Condition**

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

**Corrective Action**

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

**Current Status**

Unresolved.

Management has implemented a quality control system whereby the Section 8 Supervisor reviews 100% of tenant files, verifying proper income verifications, rent calculations, HQS inspections, allowable deductions, etc. Additionally, the Interim Executive Director will randomly select tenant files for completeness.

*Repeated.*
Section V - Other Matters, Continued

Reference Number

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

*Condition

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

Corrective Action

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

Current Status

Unresolved.

Management is reviewing the current lease-up rate and funding available to evaluate the situation.

*Repeated.
Section V - Other Matters

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

Reference Number
HUD - 08-01

*Condition

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

Corrective Action

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

Current Status

Resolved.
Section V - Other Matters, Continued

Reference Number
HUD - 08-02

*Condition

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

Corrective Action

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

Current Status

Unresolved.

In response to the findings listed, the Authority has taken the following steps:

-- Developed financial policy and procedures during April, May, and June 2011 that addressed:

- Cash: Receipt and Deposit Procedures
- Month end financial close; resulting in adjustments and corrections to the TARS

*Repeated.
Reference Number
HUD - 08-03

*Condition

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

Corrective Action

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

Current Status

Unresolved.

In response to the findings listed, the Authority has taken the following steps:

-- Management is currently calculating the financial ramifications resulting from this finding in order to make recommendations to the Board of Commissioners on its resolution.
Section V - Other Matters, Continued

Reference Number
   HUD - 08-04

*Condition

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

Corrective Action

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

Current Status

Partially resolved.
Reference Number
HUD - 08-06

*Condition

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

Corrective Action

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

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

Current Status

Unresolved.

Beginning March 2011, the Authority took the following steps:

-- The Interim Executive Director will review on a weekly basis.

*Repeated.
Reference Number
HUD - 08-08

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

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

Current Status
Resolved.
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 -- Interim Executive Director
Ms. Susan Vaughn, CPA, -- Fee Accountant
Ms. Lesia Smooth -- Project Manager (Public Housing)
Ms. Lorraine Cox -- Project Manager (Section 8)
Ms. Heather Frazier -- Administrative Assistant

BRUNO & TERVALON LLP. CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA -- Partner
Ms. Toni Murphy, CPA -- Accountant
INDEPENDENT AUDITORS’ REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

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

In planning and performing our audit of the financial statements of Housing Authority of the City of Slidell (the Authority), as of and for the year ended March 31, 2011, 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 years’ other matters. We previously reported on the Authority’s internal control in our report dated September 30, 2011. This letter does not affect our report dated September 30, 2011 on the Authority’s internal control over financial reporting or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience, and to perform any additional study of these other matters.
The following is a listing of the current year’s other matters related to internal control:

**Condition**

Two (2) Low Rent Housing Program tenants, who moved out on April 30, 2010 (information based on move-out report), had no dwelling rental reflected in the rental register for the month ended April 30, 2010.

**Recommendation**

Management should continue to implement procedures geared toward the completeness in its rent roll.

**Management’s Response and Planned Corrective Action**

Management has revised its rent collection and accounting process effective July 2011 to ensure completeness of its recorded revenues.

**Condition**

Based on our review of a Housing Choice Voucher Program tenant file, we noted an instance where an incorrect inspection date was reported.

It is our understanding through discussion with the project manager that the date had to be manipulated to force an upload to the “PIC” system based on consultation with the Authority’s software provider.
Recommendation

Management should revisit this issue with its software vendor to ensure the integrity of all inputted data.

Management’s Response and Planned Corrective Action

Management will have a discussion with its software provider to plan on a resolution no later than November 30, 2011.

Condition

For the Housing Choice Voucher Program, we noted an instance where the date of birth for a dependent was incorrectly inputted. Correction was made by management subsequent to year end.

In six (6) of fifteen (15) documents reviewed for the Housing Choice Voucher Program asserting rent reasonableness by the Authority we were unable to verify the specific move in property address to the comparable units, therefore providing for an independent trail.

Recommendation

Management should review its rent reasonableness process to ensure its completeness to include the use of current data.

Management’s Response and Planned Corrective Action

Management is working on a plan to address the documentation of rent reasonableness. Further, management has implemented a revised quality control process to minimize, if not eliminate errors in inputted data.
INDEPENDENT AUDITORS’ REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)

2011, CONTINUED

Condition

At March 31, 2011, the Authority has not prepared and submitted HUD Form 6002.

Recommendation

Management should prepare and submit Form HUD 6002.

Management’s Response and Planned Corrective Action

Management will submit all required reports on a timely basis.
The following is a status of prior years’ other matters related to internal control:

**Condition**

The December 31, 2009 and March 31, 2010 bank reconciliations included the following:

- $38,633 in stale dated checks at March 31, 2010, with some of the checks dating as far back as October 2007.

- Unlocated supporting documents for check number 25133 for the amount of $2,133.64 in the March 31, 2010 bank account reconciliation.

- Out of balance condition amounting to $1,457.63 in the March 31, 2010 bank account reconciliation.

- Lack of a void check policy.

- No evidence of supervisory review beyond the preparer for the bank account reconciliations.

**Recommendation**

Management should re-evaluate its current policies and procedures with an aim towards resolution of the above described condition.

**Current Status**


The out-of-balance condition has been addressed with TENMAST. Additionally, the bank reconciliations are being reviewed by the fee accountant and given to the Interim Executive Director for review beginning in November 2011. The rest of the conditions are open and currently being addressed by staff.
INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED

2010 AND PRIOR, CONTINUED

Condition

At March 31, 2010 the tenant security deposit amount reflected on the general ledger was contrary to the account's normal balance of a credit amount. The incorrect debit balance of $3,010 was also not in agreement with the amount reflected as tenant security deposit cash amount of $4,821. Further the Authority could not provide us with a detail tenant security deposit subledger.

Recommendation

Management should reconcile the tenant security deposit account to aligned with the amounts collected and held on behalf of tenants. Further, a separate bank account should be used to eliminate the commingling of restricted funds.

Current Status

Unresolved. The Authority concurs with this finding.

We have updated the Authority's financial procedures to include a monthly review of the security deposit, bank account, to include reconciling the bank account to the general ledger.
2010 AND PRIOR, CONTINUED

Condition

Unauthorized on-line transfer of construction funds in the amount of $52,500 to fund retirement benefits for the former executive director. The current disbursement policy requires two signatures on all payments.

Authorized and/or approved invoices and/or supporting documentation were unavailable for our review.

Further, we were unable to verify the accuracy of the contribution of $52,500. The board resolution directed contribution for prior year services. However, the salary amount used was $75,000 (contract executed on July 29, 2009). The board resolution authorizing the chairman of the board to execute a contract with the former executive director states “the contract will be effective on the date executed....” without exception. Nevertheless, the executed contract reads “effective as of June 9, 2008....”

Recommendation

The Authority should revisit with its disbursement policy to ensure compliance by all employees charged with disbursement responsibility. Also, current management should review the board’s intent in the authorization for the execution of a contract with the former executive director to ensure the propriety in payments made.

Current Status

Partially resolved.

As of December 2010, the Interim Executive Director has issued a policy restricting ACH (on-line) transfers to tax deposits, payroll, and landlord payments. A new procurement policy was written and approved by the Board in July 2011.
INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED

2010 AND PRIOR, CONTINUED

Condition

Interfund balances were not properly researched and reconciled to ensure that:

- Interfund balances represent valid receivable and/or payables to and/or from the respective programs; and
- Interfund balances net to zero.

Recommendation

Management should ensure the timely and accurate reconciliation of all interfund activities on a periodic basis. The reconciliation should ensure that the balances net to zero.

Current Status

The Authority concurs with the finding and has targeted January 1, 2012 to resolve this issue.
INDEPENDENT AUDITORS’ REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL (CONTINUED)

2010 AND PRIOR, CONTINUED

Condition

Inadequate system and number of personnel in place to ensure the timely development and implementation of updates to various policies and procedures (such as internal control, housing program administrative plan, travel policy, financial management policies, personnel policy, and occupancy standards, etc.) affecting its financial reporting and program compliance requirements.

We also noted that the current financial management policy adopted by the Board does not align with the various practices of the Authority.

Recommendation

We recommend the continued training of staff with financial and program responsibilities to include access to various program compliance changes or updates in order to assist in the timely development and implementation of regulatory changes.

Current Status

The Authority concurs with this finding and will make management recommendations regarding performance of functions.

Financial policies are adopted in July 2011.
INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL (CONTINUED)

2010 AND PRIOR, CONTINUED

Condition

HUD has initiated a review of the restricted net assets for all housing authorities. For the March 31, 2010 year end, the Authority has received an estimated net restricted asset balance for its Voucher Program for its concurrence.

Recommendation

Management should review the calculation and compare the amount to its general ledger recorded balance. Any resulting reclassification entries between the restricted and unrestricted net assets should be prepared and posted accordingly.

Current Status

The Authority concurs and will review the restricted net asset balance on a monthly basis.
INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)

2010 AND PRIOR, CONTINUED

Condition

The U. S. Department of Housing and Urban Development (HUD) requires housing authorities to include as supplementary information with the basic financial statements, as well as submit in electronic format, Financial Data Schedules (FDS).

Recommendation

All outstanding FDS reports should be filed and a system developed and implemented to ensure the timely filing of all future reports.

Current Status

Unresolved. The Authority concurs with finding and will commence monthly submittal in December 2011.

Condition

During the year ended March 31, 2010, the Authority incurred significant costs primarily in the employee compensation line item category of its budget. We were unable to determine if the additional costs were a part of the original budget approved by the Board. Further, we noted no amendment to the original budget to accommodate the additional costs.

Recommendation

Management should provide as part of its monthly report to the Board actual report with all significant variances analyzed.

Current Status

Resolved. The Authority concurs with finding, however, the Authority has submitted and received approval on 2011 budget. In addition, the Authority submitted 2012 budget within the 120 days submittal date, and anticipate a budget revision.
INDEPENDENT AUDITORS’ REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

(CONTINUED)

2010 AND PRIOR, CONTINUED

Condition

Currently, the Authority uses various software to accumulate accounting and program information on a regular basis. However, we noted no plan to require the offsite storage of all pertinent accounting and program data.

Recommendation

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- Definition of threats and risk (including likely effects on the Authority).
- Operating security.
- Processing priorities.
- Disaster recovery planning (as appropriate).
- Insurance coverage available or desirable.

Current Status

Resolved. The Authority completed a Disaster Plan on September, 2011 to cover all of the elements from data, property and life.
Condition

The budgets required by HUD for the 2009 and 2010 fiscal years were not submitted in the required format.

Recommendation

Management should establish a global reporting matrix to ensure the timely and accurate submission of all required HUD reports.

Current Status

The Authority submitted a 2011 budget in the required HUD format and it was approved by HUD.
*Condition*

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

**Recommendation**

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

**Current Status**

Unresolved. The Authority concurs with this finding and has target January 2012 to resolve this issue.

*Condition*

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

**Recommendation**

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

**Current Status**

Unresolved. The Authority concurs with this finding based on the date noted; however, we are presently reconciling bank accounts on a monthly basis.

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

(CONTINUED)

2010 AND PRIOR, CONTINUED

*Condition

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

Recommendation

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

Current Status

Unresolved. The Authority concurs.

*Condition

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

Recommendation

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

Current Status

Unresolved. The Authority concurs.

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

2010 AND PRIOR, CONTINUED

*Condition

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

Recommendation

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

Current Status

Unresolved. The Authority concurs and ledger will be created by January 2012.

*Condition

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

Recommendation

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

Current Status

The Authority has an approved allocation plan which will be reviewed annually.

*Repeated
*Condition*

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

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

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

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

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

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

**Recommendation**

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

**Current Status**

Partially resolved. The Authority’s:

- Developed in rent collection policy and deposit procedures effective April 2011.
- Developed a new credit card policy July 2011.
- Corrected by our account payable policy adopted July 2011.
- All payments are coded to appropriate cost categories.
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
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CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2011