

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2017

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 OCT 18 2017

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
STATEMENT OF NET POSITION--ENTERPRISE FUND MARCH 31, 2017	16
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2017	17
STATEMENT OF CASH FLOWS--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2017	18
NOTES TO THE FINANCIAL STATEMENTS	20
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information	33
EXHIBIT I - Combining Statement of Net Position--Enterprise Fund March 31, 2017	35
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Net Position--Enterprise Fund For the Year Ended March 31, 2017	36
SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2017	38
SCHEDULE II - Financial Data Schedule - Combining Balance Sheet March 31, 2017	39
SCHEDULE III - Financial Data Schedule - Combining Income Statement For the Year Ended March 31, 2017	43

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
SCHEDULE IV - Statement of Capital Fund Program Costs (Incomplete) From Inception through March 31, 2017	48
SCHEDULE V - Schedule of Compensation, Benefits, and Other Payments to the Executive Director For the Year Ended March 31, 2017	49
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	50
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY <i>THE UNIFORM GUIDANCE</i>	54
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2017:	
Section I - Summary of Auditors' Results	59
Section II - Financial Statement Findings and Questioned Costs	61
Section III - Federal Award Findings and Questioned Costs	70
Section IV - Status of Prior Year's Audit Findings and Questioned Costs	101
Section V - HUD Compliance Monitoring and Review Report	137
EXIT CONFERENCE	138



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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise fund of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2017, and the related notes to the financial statements which collectively comprise **the Authority's** basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Matters, Continued

Other Information, Continued

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

Opinion

In our opinion, the financial statements previously referred to present fairly, in all material respects, the respective financial position of the enterprise fund of **the Authority**, as of March 31, 2017, and the respective changes in financial position and, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of **the Authority's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the Authority's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 29, 2017

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

As management of **Housing Authority of the City of Slidell (the Authority)**, we offer readers of **the Authority's** financial statements this narrative overview and analysis of the financial activities of **the Authority** for the fiscal years ended March 31, 2017 and 2016. We encourage readers to consider the information presented here in conjunction with **the Authority's** accompanying financial statements.

FINANCIAL HIGHLIGHTS

The assets of **the Authority** exceeded its liabilities by \$7,358,780 and \$8,397,247 at March 31, 2017 and 2016 (*net position*). Of these amounts, \$2,080,167 and \$2,232,970 at March 31, 2017 and 2016 (*unrestricted net position*) may be used to meet **the Authority's** ongoing obligations to citizens and creditors.

Restricted net position were \$812,100 and \$862,855 at March 31, 2017 and 2016.

The Authority's enterprise fund reported net position of \$7,358,780 and \$8,397,247 at March 31, 2017 and 2016 reflect a decrease in net position respectively of \$1,038,467 and \$794,334 (net of a prior period adjustment of \$15,629) at March 31, 2016. These changes are primarily attributable to the financial impact of HUD's funding levels, changes in operating and non-operating income and prior period adjustments.

The Authority had dwelling rental revenues and fees of \$287,474 and \$275,102 for the years ended March 31, 2017 and 2016 respectively. This increase in rental income for the Low Rent Program is a result of the policy of income-tiering initiated by the Board of Commissioners and "working" as a local preference. This represents a 4.5% increase from 2016 to 2017. Operating grants to include administrative fees earned were \$3,689,168 in 2017 and \$2,855,264 in 2016. Capital contribution was \$2,034 in 2017 and \$141,450, in 2016 and non-operating revenues of \$351,553 in 2017 and \$264,061 2016.

Total operating expenses for the years ended March 31, 2017 and 2016 were \$4,887,382 and \$4,345,840, respectively.

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

FINANCIAL HIGHLIGHTS, CONTINUED

In summary, operating and capital grants from the Federal government and dwelling rental constitutes 91% in 2017 and 93% for 2016, respectively of **the Authority's** total revenues. Non-operating revenues for the years ended March 31, 2017 and 2016 were 9% and 7% respectively of total revenues.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

REPORTING ON THE AUTHORITY AS A WHOLE

One of the most important questions asked about **the Authority's** finances, "Is **the Authority** as a whole better off, or worse off, as a result of the achievements of fiscal years 2017 and 2016? The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about **the Authority** as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

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

FUND FINANCIAL STATEMENT

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

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

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

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

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

USING THIS ANNUAL REPORT

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

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

REPORTING ON THE AUTHORITY'S MOST SIGNIFICANT FUND

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

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

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

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

FINANCIAL ANALYSIS

The Authority's net positions were \$7,358,780 and \$8,397,247 at March 31, 2017 and 2016, respectively. Of this amount, \$2,080,167 and \$2,232,970 were unrestricted. The unrestricted net positions of the Authority are available for future use to provide program services. Restricted net positions were \$812,100 and \$862,855 at March 31, 2017 and 2016, respectively.

Table 1
Condensed Statement of Net Position

The following table represents a condensed Statement of Net Position as of March 31, 2017 and 2016:

Condensed Statement of Net Position		
March 31		
<u>Assets</u>		
	<u>2017</u>	<u>2016</u>
Current assets	\$3,122,384	\$ 3,225,172
Capital assets, net	<u>4,466,513</u>	<u>5,301,422</u>
Total assets	<u>7,588,897</u>	<u>8,526,594</u>
<u>Liabilities</u>		
Current liabilities	230,117	119,555
Noncurrent liabilities	<u>-0-</u>	<u>9,792</u>
Total liabilities	<u>230,117</u>	<u>129,347</u>
<u>Net Position</u>		
Net position:		
Net investment in capital assets	4,466,513	5,301,422
Restricted	812,100	862,855
Unrestricted	<u>2,080,167</u>	<u>2,232,970</u>
Total net position	<u>\$7,358,780</u>	<u>\$ 8,397,247</u>

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

FINANCIAL ANALYSIS, CONTINUED

Table 2

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

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Position for the years ended March 31, 2017 and 2016:

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

	<u>2017</u>	<u>2016</u>
Revenues:		
Operating revenues	\$3,976,642	\$ 3,130,366
Total operating revenues	<u>3,976,642</u>	<u>3,130,366</u>
Expenses:		
Operating expenses	4,887,382	4,345,840
Total operating expenses	<u>4,887,382</u>	<u>4,345,840</u>
Operating loss	<u>(910,740)</u>	<u>(1,215,474)</u>
Non-operating revenues:		
Non-operating revenues	<u>381,553</u>	<u>264,061</u>
Total non-operating revenues	<u>381,553</u>	<u>264,061</u>
Capital contributions:		
Capital contributions	<u>2,034</u>	<u>141,450</u>
Total capital contributions	<u>2,034</u>	<u>141,450</u>
Change in net position	(527,153)	(809,963)
Beginning net position, as restated	<u>7,885,933</u>	<u>9,207,210</u>
Ending net position	<u>\$7,358,780</u>	<u>\$ 8,397,247</u>

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

EXPLANATIONS OF FINANCIAL ANALYSIS

Overall, net position decreased by 12.40% from 2016 to 2017.

Non-operating revenues increased by 44.5% due to the increase in portability activity during 2017. Capital contribution decreased by 99% from 2016 due in part to the level of funding from HUD.

Compared with prior fiscal year, total operating, capital contribution and non-operating revenues in 2017 increased by \$824,352 or 23.31% from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$275,102 in 2016 to \$287,474, primarily because of a combination of changes in tenants' personal income levels which serve as a basis for tenant rent level calculation payments and the significant level of leased-up at the Country Garden location.
- Operating grants from HUD for the Low Rent Public Housing and Housing Choice Voucher Programs increased from \$2,855,264 in 2016 to \$3,689,168 in 2017 due primarily to the level of leased-up in the Voucher Program impacting its earned grant.
- Capital funds for modernization of projects decreased from \$141,450 in 2016 to \$2,034 in 2017 as a result of funding availability from HUD.
- Non-operating revenues increased to \$264,061 in 2016 to \$381,553 in 2017 as a result of the level of portability activities.

Compared to the prior fiscal year, total operating expenses increased from \$4,345,840 for the year ended March 31, 2016 to \$4,887,382 for the year ended March 31, 2017, primarily as a result of an increase in the level of leased-up for the Housing Choice Voucher Program.

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

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

Reasons for most of these changes are listed below:

- Net increase in the level of housing assistance payments to landlords from \$2,653,928 in 2016 to \$3,144,945 in 2017 with a corresponding increase in portability activities from \$281,651 in 2016 to \$345,548 in 2017.
- Other significant changes were in the areas of contractual services (specifically maintenance repairs related to the physical units and administrative contracts) and depreciation expense.

Overall, net position decreased by 8.6% from 2015 to 2016.

Non-operating revenues increased by 32.8% due to the increase in portability activity during 2016. Capital contribution decreased by 36% from 2015 due in part to the level of funding from HUD.

Compared with prior fiscal year, total operating, capital contribution and non-operating revenues in 2016 decreased by \$608,429 or 12.99% from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$272,285 in 2015 to \$275,102 in 2016, primarily because of a combination of changes in tenants' personal income levels which serve as a basis for tenant rent level calculation payments and the significant level of leased-up at the Washington Heights.
- Operating grants from HUD for the Low Rent Public Housing and Housing Choice Voucher Programs decreased from \$3,381,484 in 2015 to \$2,855,264 in 2016 due primarily to the level of leased-up in the Voucher Program impacting its earned grant.
- Capital funds for modernization of projects decreased from \$221,215 in 2015 to \$141,450 in 2016 as a result of funding availability from HUD.
- Non-operating revenues increased from \$198,867 in 2015 to \$264,061 in 2016 as a result of the level of portability activities.

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

EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED

Compared to the prior fiscal year, total operating expenses decreased from \$4,787,828 for the year ended March 31, 2015 to \$4,345,840 for the year ended March 31, 2016, primarily as a result of a decrease in the level of leased-up for the Housing Choice Voucher Program.

Reasons for most of these changes are listed below:

- Net decrease in the level of housing assistance payments to landlords from \$3,245,117 in 2015 to \$2,653,928 in 2016 with a corresponding increase in portability activities from \$131,860 in 2015 to \$281,651 in 2016.
- Other significant changes were in the areas of contractual services (specifically maintenance repairs related to the physical units and administrative contracts) and depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2017 and 2016, **the Authority** had \$4,466,513 and \$5,301,422 invested in a broad range of capital assets, including land, buildings and building improvements. This amount represents a net decrease (including additions, deductions, adjustments and depreciation) of \$834,909.

	Capital Assets, Net March 31	
	<u>2017</u>	<u>2016</u>
Land and land improvements	\$ 779,855	\$ 779,855
Buildings and building improvements	8,948,323	9,031,963
Furniture and equipment	548,195	558,788
Construction in progress	-0-	141,450
Automobile	<u>18,181</u>	<u>18,181</u>
	10,294,554	10,530,237
Less accumulated depreciation expense	<u>(5,828,041)</u>	<u>(5,228,815)</u>

Total

\$ 4,466,513

\$ 5,301,422

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

CAPITAL ASSET AND DEBT ADMINISTRATION, CONTINUED

Capital Assets, Continued

The net change in capital assets of 15.7% was primarily due to the effects of depreciation expense, adjustments and write-off of assets, net of additions.

See Note 4 for additional information.

No debt was issued for these additions.

Debt

The Authority has no long-term debt at March 31, 2017 and 2016.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD for the funding of its operations; therefore **the Authority** is affected more by the Federal budget than by local economic conditions. The operating subsidies for the fiscal year ending March 31, 2017 have been approval by the Board of Commissioners and HUD.

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of **the Authority's** finances and to show **the Authority's** accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Executive Director, at Housing Authority of the City of Slidell, P.O. Box 1392 Slidell, LA 70459-1392 telephone number (985) 726-9000.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF NET POSITION- ENTERPRISE FUND
MARCH 31, 2017

ASSETS

Current assets:	
Cash (NOTES 5 and 6)	\$1,699,098
Restricted cash (NOTES 5 and 6)	859,505
Amounts receivable (NOTE 2)	175,216
Investment (NOTES 11 and 16)	15,415
Prepaid items (NOTE 3)	<u>373,150</u>
Total current assets	<u>3,122,384</u>
Non-current assets:	
Capital assets, net (NOTES 4 and 12)	<u>4,466,513</u>
Total non-current assets	<u>4,466,513</u>
Total assets and deferred outflows of resources	<u>7,588,897</u>

LIABILITIES

Current liabilities:	
Amounts and other payables (NOTE 7)	108,388
Compensated absences payable (NOTE 13)	3,630
Security deposits held for tenants (NOTES 5 and 6)	47,405
Unearned revenue	<u>70,694</u>
Total current liabilities	<u>230,117</u>
Non-current liabilities:	
Total non-current liabilities (NOTE 13)	<u>-0-</u>
Total liabilities and deferred inflows of resources	<u>230,117</u>

NET POSITION

Net position:	
Net investment in capital assets (NOTE 4)	4,466,513
Restricted (NOTE 17)	812,100
Unrestricted	<u>2,080,167</u>
Total net position	<u>\$7,358,780</u>

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2017

Operating Revenues:	
Dwelling rental and fees	\$ 287,474
HUD operating grants	3,426,788
Administrative fees earned	<u>262,380</u>
Total operating revenues	<u>3,976,642</u>
Operating Expenses:	
Salaries and employee benefits	190,237
Materials and other	39,295
Contractual services	550,112
Utilities	90,577
Depreciation	337,278
Insurance	110,200
Housing assistance payments	3,144,945
Housing assistance payments - portability-in	342,139
Housing assistance payments - portability fees	3,409
Convention and travel	4,440
Telephone	11,809
Bad debt expense	26,402
Supplies	11,454
Postage	3,676
Tenant services	1,662
Membership dues and fees	4,936
Bank charges	8,557
General	<u>6,254</u>
Total operating expenses	<u>4,887,382</u>
Operating loss	<u>(910,740)</u>
Non-operating revenues:	
Interest income	1,428
Other	<u>380,125</u>
Total non-operating revenues	<u>381,553</u>
Capital contributions:	
HUD capital grants	<u>2,034</u>
Total capital contributions	<u>2,034</u>
Change in net position	<u>(527,153)</u>
Net position, beginning of year, as previously reported	8,397,247
Prior period adjustments (NOTE 15)	<u>(511,314)</u>
Net position, beginning of year, as restated	<u>7,885,933</u>
Net position, end of year	<u>\$7,358,780</u>

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2017

Cash Flows used by Operating Activities	
Operating grants	\$ 3,642,757
Receipts from tenants	285,888
Payments to suppliers for goods and services	(610,994)
Payments to employees	(195,003)
Payments to landlords	<u>(3,961,662)</u>
Net cash used by operating activities	<u>(839,014)</u>
Cash Flows provided by Capital and Related Financing Activities:	
Acquisition of capital assets	(7,046)
Capital contributions	2,034
Other non-operating receipts	<u>347,960</u>
Net cash provided by capital and related financing activities	<u>342,948</u>
Cash Flows provided by Investing Activities:	
Addition to investment	<u>277</u>
Cash provided by investing activities	<u>277</u>
Net decrease in cash	(495,789)
Cash, beginning of year	<u>3,054,392</u>
Cash, end of year	<u>\$ 2,558,603</u>

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2017

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

Operating loss	\$(910,740)
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Adjustments to reconcile operating loss to cash used
by Operating activities:

Depreciation	337,278
Bad debt expense	26,402

Changes in assets and liabilities:

Increase in prepaid item	(344,727)
Increase in amounts and other payables	41,876
Decrease in compensated absences payable	(12,680)
Increase in security deposits	10,126
Increase in amounts receivable	(47,997)
Increase in unearned revenue	<u>61,448</u>

Net cash used by operating activities	<u>\$(839,014)</u>
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The accompanying notes are an integral part of the financial statements.

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

NOTE 1 - Organization and Summary of Significant Accounting Policies:

General

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

As of March 31, 2017, **the Authority** was primarily engaged in the administration of Low-Income, Housing Choice Voucher and Disaster Assistance Housing Programs to low-income residents in the City of Slidell.

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

Financial Reporting Entity

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

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

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

Financial Reporting Entity, Continued

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

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

Basis of Presentation

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

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

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

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

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

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

Basis of Presentation, Continued

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

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

Amounts Receivable

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

Interprogram Activities

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

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

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

Land, Structures and Equipment

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

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

The Authority follows the practice of capitalizing all structures and equipment over \$5,000 in the aggregate.

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

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

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At March 31, 2017, management has estimated and recorded the effect of adoption of GASB Statement No. 42, "Accounting for the Impairment of Capital Assets and for Insurance Recoveries".

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

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

Compensated Absences

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

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

Total Memorandum Only

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

Budgets

The Authority prepares an annual budget for its Low Rent Public Housing Program. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

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

The Authority does not present budgeted to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget to include monthly budgeted to actual comparison reports for review by **the Authority's** Board of Commissioners.

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

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

Statement of Cash Flows

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

Estimates

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

Net Position

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

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

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

NOTE 2 - Amounts Receivable:

Amounts receivable as of March 31, 2017 consisted of the following:

	<u>Low Rent Public Housing Program</u>
Tenant receivable	\$ 10,511
Grants receivable - HUD	<u>164,705</u>
Total	<u>\$175,216</u>

NOTE 3 - Prepaid Items:

Prepaid items at March 31, 2017 of \$373,150 consisted of prepaid insurance and fees totaling \$54,245 and prepaid housing assistance program expenses totaling \$318,905.

NOTE 4 - Capital Assets, Net:

At March 31, 2017, capital assets, net consisted of the following:

<u>Description</u>	<u>Balance April 1, 2016</u>	<u>Addition</u>	<u>Adjustments</u>	<u>Balance Reclassifications</u>	<u>March 31, 2017</u>
Land and land improvements	\$ 779,855	\$ -0-	\$ -0-	\$ -0-	\$ 779,855
Building and building improvements	9,031,963	5,012	(232,136)	143,484	8,948,323
Construction in progress	141,450	2,034	-0-	(143,484)	-0-
Furniture and equipment	558,788	-0-	(10,593)	-0-	548,195
Automobile	<u>18,181</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>18,181</u>
Sub-total	10,530,237	7,046	(242,729)	-0-	10,294,554
Less accumulated depreciation	<u>(5,228,815)</u>	<u>(337,278)</u>	<u>(261,948)</u>	<u>-0-</u>	<u>(5,828,041)</u>
Total	<u>\$ 5,301,422</u>	<u>\$(330,232)</u>	<u>\$(504,677)</u>	<u>\$ -0-</u>	<u>\$ 4,466,513</u>

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

NOTE 5 - Cash:

At March 31, 2017, the carrying amount of **the Authority's** deposits was \$2,558,603 of which \$1,699,098 was unrestricted and \$859,505 restricted and the bank balance was \$2,505,507. Of this amount \$250,000 was covered by federal depository insurance and \$2,734,875 collateralized by a pledge of securities in the name of **the Authority**.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, **the Authority's** deposits may not be returned to it. **The Authority** has an executed collateral agreement with its banker.

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

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

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

NOTE 5 - Cash, Continued:

At March 31, 2017, cash (including restricted cash) consisted of the following:

	<u>Housing Choice Voucher Program</u>	<u>Low Rent Public Housing Program</u>	<u>Total</u>	<u>Maturity</u>	<u>Interest Rate</u>
Demand Deposits	\$458,963	\$1,287,540	\$1,746,503	N/A	N/A
Savings Account	<u>-0-</u>	<u>812,100</u>	<u>812,100</u>	Varying	Daily
Total	<u>\$458,963</u>	<u>\$2,099,640</u>	<u>\$2,558,603</u>		

A recap of cash at March 31, 2017 follows:

Cash	\$1,699,098
Restricted cash	<u>859,505</u>
	<u>\$2,558,603</u>

NOTE 6 - Restricted Cash:

At March 31, 2017, restricted cash consisted of \$47,405 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 \$812,100 for modernization and development projects.

The total restricted cash of \$859,505 represents the carrying amount and bank balance at March 31, 2017. Further, the amount is collateralized as previously described in NOTE 5.

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

NOTE 7 - Amounts and Other Payables:

Amounts and other payables at March 31, 2017, consisted of the following:

	Low Rent Public Housing <u>Program</u>	Housing Choice Voucher <u>Program</u>	<u>Total</u>
Accounts payable to vendors	\$35,358	\$65,956	\$101,314
Accounts payable - other	1,990	-0-	1,990
Taxes and withholdings payable	<u>5,084</u>	<u>-0-</u>	<u>5,084</u>
Total	<u>\$42,432</u>	<u>\$65,956</u>	<u>\$108,388</u>

NOTE 8 - Risk Management:

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

NOTE 9 - Concentration of Credit Risk:

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

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

NOTE 10 - Contingencies:

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

NOTE 11 - Investment:

At March 31, 2017, **the Authority** has invested in a retirement trust, \$15,415 in income investment. See NOTE 16 for additional discussion.

NOTE 12 - Commitments:

At March 31, 2017, **the Authority** has executed agreements with HUD totaling \$525,054 for various modernization, capital fund acquisitions and management improvement projects (see Schedule IV). Balance of funds remaining at March 31, 2017 was \$251,855 (see Schedule IV).

NOTE 13 - Compensated Absences Payable:

Compensated absences payable at March 31, 2017 of \$3,630 represents unpaid accrued vacation earned by employees.

A breakdown follows:

Current portion	\$3,630
Noncurrent portion	<u>-0-</u>
	<u>\$3,630</u>

NOTE 14 - Per Diem to Board Members:

During the year ended March 31, 2017, no board member received per diem in his or her capacity as a commissioner.

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

NOTE 15 - Restatement of Beginning Net Position:

Net position at the beginning of the year has been restated to properly account for the net effect of transactions between the Low Rent Public Housing and Capital Fund grants. Specifically adjustments were made to correct capital assets as a result of an over statement in the amount of \$367,830 and equity transfer of \$143,484 from the Capital Fund Program to the Low Rent Public Housing Program.

NOTE 16 - Retirement Plan:

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

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

For the year ended March 31, 2017, \$-0- had been contributed by **the Authority** and its eligible employees. See NOTE 11 for additional discussion.

NOTE 17 - Restricted Net Position:

At March 31, 2017 restricted net position represent funds restricted to modernization and development projects.

SUPPLEMENTARY INFORMATION



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

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

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

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

**Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

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

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

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

Other Information

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 29, 2017

EXHIBIT I

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF NET POSITION--ENTERPRISE FUND
MARCH 31, 2017**

	<u>Operating Fund Program</u>	<u>Capital Fund Program</u>	<u>Sub-total</u>	<u>Housing Choice Voucher Program</u>	<u>Totals (Memorandum Only)</u>
<u>ASSETS</u>					
Cash	\$1,240,135	\$ -0-	\$1,240,135	\$ 458,963	\$1,699,098
Cash-restricted modernization and development	812,100	-0-	812,100	-0-	812,100
Restricted cash	47,405	-0-	47,405	-0-	47,405
Amounts receivable	158,792	15,936	174,728	488	175,216
Investment	15,415	-0-	15,415	-0-	15,415
Prepaid item	54,245	-0-	54,245	318,905	373,150
Due from other funds	863,394	-0-	863,394	-0-	863,394
Capital assets, net	<u>4,466,513</u>	<u>-0-</u>	<u>4,466,513</u>	<u>-0-</u>	<u>4,466,513</u>
Total assets	<u>7,657,999</u>	<u>15,936</u>	<u>7,673,935</u>	<u>778,356</u>	<u>8,452,291</u>
<u>LIABILITIES</u>					
Amounts and other payables	39,537	2,895	42,432	65,956	108,388
Compensated absences payable	985	-0-	985	2,645	3,630
Security deposits held for tenants	47,405	-0-	47,405	-0-	47,405
Unearned revenue	1,646	5,395	7,041	63,653	70,694
Due to other funds	<u>-0-</u>	<u>7,646</u>	<u>7,646</u>	<u>855,748</u>	<u>863,394</u>
Total liabilities	<u>89,573</u>	<u>15,936</u>	<u>105,509</u>	<u>988,002</u>	<u>1,093,511</u>
<u>Net Position</u>					
Net investment in capital assets	4,466,513	-0-	4,466,513	-0-	4,466,513
Restricted	812,100	-0-	812,100	-0-	812,100
Unrestricted	<u>2,289,813</u>	<u>-0-</u>	<u>2,289,813</u>	<u>(209,646)</u>	<u>2,080,167</u>
Total net position	<u>\$7,568,426</u>	<u>\$ -0-</u>	<u>\$7,568,426</u>	<u>\$(209,646)</u>	<u>\$7,358,780</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA**
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2017

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Totals (Memorandum Only)
Operating Revenues:					
Dwelling rental and fees	\$ 287,474	\$ -0-	\$ 287,474	\$ -0-	\$ 287,474
HUD operating grants	333,281	-0-	333,281	3,093,507	3,426,788
Administrative fees earned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>262,380</u>	<u>262,380</u>
Total operating revenues	<u>620,755</u>	<u>-0-</u>	<u>620,755</u>	<u>3,355,887</u>	<u>3,976,642</u>
Operating Expenses:					
Salaries and employee benefits	109,518	-0-	109,518	80,719	190,237
Materials and other	39,295	-0-	39,295	-0-	39,295
Contractual services	359,927	-0-	359,927	190,185	550,112
Utilities	80,839	-0-	80,839	9,738	90,577
Depreciation	334,784	-0-	334,784	2,494	337,278
Insurance	93,232	-0-	93,232	16,968	110,200
Housing assistance payments	-0-	-0-	-0-	3,144,945	3,144,945
Housing assistance payments - portability-in	-0-	-0-	-0-	342,139	342,139
Housing assistance payments - portability fees	-0-	-0-	-0-	3,409	3,409
Convention and travel	2,370	-0-	2,370	2,070	4,440
Telephone	4,419	-0-	4,419	7,390	11,809
Bad debt expense	26,402	-0-	26,402	-0-	26,402
Supplies	4,144	-0-	4,144	7,310	11,454
Postage	1,838	-0-	1,838	1,838	3,676
Tenant services	1,662	-0-	1,662	-0-	1,662
Membership dues and fees	2,494	-0-	2,494	2,442	4,936
Bank charges	8,557	-0-	8,557	-0-	8,557
General	<u>1,733</u>	<u>-0-</u>	<u>1,733</u>	<u>4,521</u>	<u>6,254</u>
Total operating expenses	<u>1,071,214</u>	<u>-0-</u>	<u>1,071,214</u>	<u>3,816,168</u>	<u>4,887,382</u>
Operating income (loss)	<u>(450,459)</u>	<u>-0-</u>	<u>(450,459)</u>	<u>(460,281)</u>	<u>(910,740)</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA**
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

	<u>Operating Fund Program</u>	<u>Capital Fund Program</u>	<u>Sub-total</u>	<u>Housing Choice Voucher Program</u>	<u>Totals (Memorandum Only)</u>
Non-operating revenues:					
Interest income	\$ 1,063	\$ -0-	\$ 1,063	\$ 365	\$ 1,428
Other income	<u>1,727</u>	<u>-0-</u>	<u>1,727</u>	<u>378,398</u>	<u>380,125</u>
Total non-operating revenues	<u>2,790</u>	<u>-0-</u>	<u>2,790</u>	<u>378,763</u>	<u>381,553</u>
Capital contributions:					
HUD capital grants	<u>-0-</u>	<u>2,034</u>	<u>2,034</u>	<u>-0-</u>	<u>2,034</u>
Total capital contributions	<u>-0-</u>	<u>2,034</u>	<u>2,034</u>	<u>-0-</u>	<u>2,034</u>
Change in net position	<u>(447,669)</u>	<u>2,034</u>	<u>(445,635)</u>	<u>(81,518)</u>	<u>(527,153)</u>
Net position, beginning of year	8,383,925	141,450	8,525,375	(128,128)	8,397,247
Prior period adjustments/equity transfer	<u>(367,830)</u>	<u>(143,484)</u>	<u>(511,314)</u>	<u>-0-</u>	<u>(511,314)</u>
Net position, beginning of year, as restated	<u>8,016,095</u>	<u>(2,034)</u>	<u>8,014,061</u>	<u>(128,128)</u>	<u>7,885,933</u>
Net position, end of year	<u>\$7,568,426</u>	<u>\$ -0-</u>	<u>\$7,568,426</u>	<u>\$(209,646)</u>	<u>\$7,358,780</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2017

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
<u>Subject to Annual Contributions Contracts</u>		
Low Rent Public Housing Program	14.850a	\$ 333,281
Housing Choice Voucher Program	14.871	3,355,887
Capital Fund Program	14.872	<u>2,034</u>
Grand Total		<u>\$3,691,202</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of **the Authority** and is presented on an accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of *the Uniform Guidance*.

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

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
MARCH 31, 2017**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
111	Cash - unrestricted	\$1,240,135	\$458,963	\$1,699,098
112	Cash-modernization and development	812,100	-0-	812,100
113	Cash - other restricted	-0-	-0-	-0-
114	Cash - tenant security deposits	<u>47,405</u>	<u>-0-</u>	<u>47,405</u>
100	Total cash	<u>2,099,640</u>	<u>458,963</u>	<u>2,558,603</u>
122	Accounts receivable - HUD other projects	164,217	488	164,705
126	Accounts receivable - tenants	<u>10,511</u>	<u>-0-</u>	<u>10,511</u>
120	Total receivables, net of allowance for doubtful accounts	<u>174,728</u>	<u>488</u>	<u>175,216</u>
131	Investments- unrestricted	15,415	-0-	15,415
142	Prepaid expenses and other assets	54,245	318,905	373,150
144	Interprogram due from	<u>863,394</u>	<u>-0-</u>	<u>863,394</u>
150	Total current assets	<u>3,207,422</u>	<u>778,356</u>	<u>3,985,778</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2017

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
161	Land	\$ 779,855	\$ -0-	\$ 779,855
162	Buildings	8,948,323	-0-	8,948,323
163	Furniture, equipment and machinery-dwellings	386,998	-0-	386,998
164	Furniture, equipment and machinery-administration	179,378	19,568	198,946
166	Accumulated depreciation	(5,828,041)	(19,568)	(5,847,609)
160	Total capital assets, net of accumulated depreciation	<u>4,466,513</u>	<u>-0-</u>	<u>4,466,513</u>
180	Total non-current assets	<u>4,466,513</u>	<u>-0-</u>	<u>4,466,513</u>
290	Total assets and deferred outflows of resources	<u>\$ 7,673,935</u>	<u>\$778,356</u>	<u>\$ 8,452,291</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2017

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
312	Accounts payable ≤90 days	\$ 37,348	\$ 65,956	\$ 103,304
321	Accrued wage/payroll taxes payable	5,084	-0-	5,084
322	Accrued compensated absences-current portion	985	2,645	3,630
341	Tenant security deposits	47,405	-0-	47,405
342	Unearned revenue	7,041	63,653	70,694
347	Interprogram due to	<u>7,646</u>	<u>855,748</u>	<u>863,394</u>
310	Total current liabilities and deferred inflows of resources	<u>105,509</u>	<u>988,002</u>	<u>1,093,511</u>
354	Accrued compensation absences-noncurrent portion	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
350	Total noncurrent liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
300	Total liabilities and deferred inflows of resources	<u>105,509</u>	<u>988,002</u>	<u>1,093,511</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2017

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAM</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
508.4	Net investment in capital assets	\$4,466,513	\$ -0-	\$4,466,513
511.4	Restricted net position	812,100	-0-	812,100
512.4	Unrestricted net position	<u>2,289,813</u>	<u>(209,646)</u>	<u>2,080,167</u>
513	Total equity/net position	<u>7,568,426</u>	<u>(209,646)</u>	<u>7,358,780</u>
600	Total liabilities, deferred inflows of resources and equity/net position	<u>\$7,673,935</u>	<u>\$ 778,356</u>	<u>\$8,452,291</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2017

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
70300	Net tenant rental revenue	\$278,736	\$ -0-	\$278,736	\$ -0-	\$ 278,736
70300	Tenant revenue	<u>8,738</u>	<u>-0-</u>	<u>8,738</u>	<u>-0-</u>	<u>8,738</u>
70500	Total tenant revenue	<u>287,474</u>	<u>-0-</u>	<u>287,474</u>	<u>-0-</u>	<u>287,474</u>
70600-010	Housing assistance payments	-0-	-0-	-0-	3,093,507	3,093,507
70600-020	Ongoing administrative fees earned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>262,380</u>	<u>262,380</u>
		<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,355,887</u>	<u>3,355,887</u>
70600	HUD PHA operating grants	<u>333,281</u>	<u>-0-</u>	<u>333,281</u>	<u>-0-</u>	<u>333,281</u>
70610	Capital grants	<u>-0-</u>	<u>2,034</u>	<u>2,034</u>	<u>-0-</u>	<u>2,034</u>
71100	Investment income - unrestricted	<u>1,063</u>	<u>-0-</u>	<u>1,063</u>	<u>365</u>	<u>1,428</u>
71500	Other revenue	<u>1,727</u>	<u>-0-</u>	<u>1,727</u>	<u>378,398</u>	<u>380,125</u>
70000	Total revenue	<u>623,545</u>	<u>2,034</u>	<u>625,579</u>	<u>3,734,650</u>	<u>4,360,229</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017**

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
91100	Administrative salaries	\$ 40,816	-0-	\$ 40,816	\$66,457	\$ 107,273
91200	Auditing fees	35,029	-0-	35,029	29,929	64,958
91500	Employee benefit contributions-					
	administrative	7,763	-0-	7,763	11,562	19,325
91600	Office expense	162,383	-0-	162,383	157,899	320,282
91700	Legal expense	8,581	-0-	8,581	21,337	29,918
91800	Travel	<u>2,370</u>	<u>-0-</u>	<u>2,370</u>	<u>2,070</u>	<u>4,440</u>
91000	Total operating - administrative	<u>256,942</u>	<u>-0-</u>	<u>256,942</u>	<u>289,254</u>	<u>546,196</u>
92100	Tenant services - salaries	1,165		1,165	-0-	1,165
92400	Tenant services - other	<u>1,662</u>	<u>-0-</u>	<u>1,662</u>	<u>-0-</u>	<u>1,662</u>
92500	Total tenant services	<u>2,827</u>	<u>-0-</u>	<u>2,827</u>	<u>-0-</u>	<u>2,827</u>
93100	Water	69,132	-0-	69,132	2,346	71,478
93200	Electricity	<u>11,707</u>	<u>-0-</u>	<u>11,707</u>	<u>7,392</u>	<u>19,099</u>
93000	Total utilities	<u>80,839</u>	<u>-0-</u>	<u>80,839</u>	<u>9,738</u>	<u>90,577</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
94100	Ordinary maintenance and operations- labor	\$ 50,286	\$ -0-	\$ 50,286	\$ -0-	\$ 50,286
94200	Ordinary maintenance and operations - materials and other	39,295	-0-	39,295	-0-	32,479
94300-010	Ordinance maintenance and operations- garbage and trash removal	6,251	-0-	6,251	-0-	6,251
94300-020	Ordinary maintenance and operations contracts- heating and cooling contracts	3,639	-0-	3,639	-0-	3,639
94300-050	Ordinary maintenance and operations contracts- landscape and grounds contracts	20,580	-0-	20,580	-0-	20,580
94300-060	Ordinary maintenance and operations contracts- unit turnaround contracts	51,545	-0-	51,545	-0-	51,545
94300-070	Ordinary maintenance and operations- contracts-electrical contracts	3,203	-0-	3,203	-0-	3,203
94300-080	Ordinary maintenance and operations contracts- plumbing contracts	5,853	-0-	5,853	-0-	5,853
94300-090	Ordinary maintenance and operations contracts- extermination contracts	1,300	-0-	1,300	-0-	1,300
94300-110	Ordinary maintenance and operations contracts- routine maintenance	20,225	-0-	20,225	-0-	20,225
94500-	Employee benefit contributions- ordinary maintenance	9,488	-0-	9,488	-0-	9,488
94000	Total maintenance	211,665	-0-	211,665	-0-	211,665

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
95200	Protective services - other contracts costs	\$ 62,790	\$ -0-	\$ 62,790	\$ -0-	\$ 62,790
95300	Protective services - other	<u>94</u>	<u>-0-</u>	<u>94</u>	<u>176</u>	<u>270</u>
95000	Total protective services	<u>62,884</u>	<u>-0-</u>	<u>62,884</u>	<u>176</u>	<u>63,060</u>
96110	Property insurance	78,597	-0-	78,597	8,019	86,616
96120	Liability insurance	7,189	-0-	7,189	2,279	9,468
96130	Workers compensation	7,133	-0-	7,133	6,483	13,616
96140	All other insurance	<u>313</u>	<u>-0-</u>	<u>313</u>	<u>187</u>	<u>500</u>
96100	Total insurance premiums	<u>93,232</u>	<u>-0-</u>	<u>93,232</u>	<u>16,968</u>	<u>110,200</u>
96200	Other general	1,639	-0-	1,639	-0-	1,639
96210	Compensated absences	-0-	-0-	-0-	4,345	4,345
96400	Bad debt-tenant rents	26,402	-0-	26,402	-0-	26,402
96800	Severance expense	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,700</u>	<u>2,700</u>
96000	Total other general expenses	<u>28,041</u>	<u>-0-</u>	<u>28,041</u>	<u>7,045</u>	<u>35,086</u>
96900	Total operating expenses	<u>736,430</u>	<u>-0-</u>	<u>736,430</u>	<u>323,181</u>	<u>1,059,611</u>
97000	Excess (deficiency) of revenue over (under) operating expenses	<u>(112,885)</u>	<u>2,034</u>	<u>(110,851)</u>	<u>3,411,469</u>	<u>3,300,618</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>TOTAL PROGRAM</u>
97300	Housing assistance payments	\$ -0-	\$ -0-	\$ -0-	\$3,144,945	\$3,144,945
97350	Hosing assistance payments portability - in	-0-	-0-	-0-	345,548	345,548
97400	Depreciation expense	<u>334,784</u>	<u>-0-</u>	<u>334,784</u>	<u>2,494</u>	<u>337,278</u>
90000	Total expenses	<u>1,071,214</u>	<u>-0-</u>	<u>1,071,214</u>	<u>3,816,168</u>	<u>4,887,382</u>
10000	Excess (deficiency) of revenue over (under) expenses	\$ <u>(447,669)</u>	\$ <u>2,034</u>	\$ <u>(445,635)</u>	\$ <u>(81,518)</u>	\$ <u>(527,153)</u>
11030	Beginning equity/net position	\$8,383,925	\$ 141,450	\$8,525,375	\$ (128,128)	\$8,397,247
11040-010	Prior period adjustments, equity transfers, and correction of errors	<u>(367,830)</u>	<u>(143,484)</u>	<u>\$ (511,314)</u>	<u>-0-</u>	<u>(511,314)</u>
	Beginning equity/net position, as adjusted	<u>\$8,016,095</u>	<u>\$ (2,034)</u>	<u>\$8,014,061</u>	<u>\$ (128,128)</u>	<u>\$7,885,933</u>
11170	Administrative fee equity		\$ <u>-0-</u>	\$ <u>(209,646)</u>	\$ <u>(209,646)</u>	
11180	Housing assistance payments equity		\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	
11190	Unit months available	<u>1,500</u>	<u>N/A</u>	<u>1,500</u>	<u>7,344</u>	<u>8,844</u>
11210	Number of unit months leased	<u>1,440</u>	<u>N/A</u>	<u>1,440</u>	<u>5,064</u>	<u>6,504</u>
11270	Excess cash	\$ <u>_____</u>	\$ <u>-0-</u>	\$ <u>1,310,805</u>	\$ <u>-0-</u>	\$ <u>_____</u>
11620	Building purchases	\$ <u>5,012</u>	\$ <u>2,034</u>	\$ <u>7,046</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
11630	Furniture and equipment	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COSTS (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2017**

	<u>LA48P103-501-14</u>	<u>LA48P103-501-15</u>	<u>LA48P103-501-16</u>	<u>LA 48P103-501-17</u>	<u>TOTAL</u>
Funds approved	\$ 126,169	\$ 125,656	\$133,148	\$140,051	\$ 525,054
Funds expended	<u>126,169</u>	<u>(125,686)</u>	<u>(-0-)</u>	<u>-0-</u>	<u>(251,855)</u>
Excess (deficiency) of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>\$133,148</u>	<u>\$140,051</u>	<u>\$ 273,199</u>
Funds Advances:					
Grant funding	\$ <u>126,169</u>	\$ <u>109,750</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>\$ 235,919</u>
Total funds advanced	<u>126,169</u>	<u>109,750</u>	<u>-0-</u>	<u>-0-</u>	<u>235,919</u>
Funds expended	<u>(126,169)</u>	<u>(125,686)</u>	<u>-0-</u>	<u>-0-</u>	<u>(251,855)</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>(15,936)</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>\$ (15,936)</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE V

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO THE EXECUTIVE DIRECTOR
FOR THE YEAR ENDED MARCH 31, 2017

EXECUTIVE DIRECTOR:

Name: Ms. Shelia J. Danzey

<u>Purpose</u>	<u>Amount</u>
Compensation	\$75,000
Benefits	11,900
Reimbursements	<u>882</u>
Total	<u>\$87,782</u>

See Independent Auditors' Report on Supplementary Information.



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

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

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the enterprise fund of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2017, and the related notes to the financial statements which collectively comprise **the Authority's** basic financial statements, and have issued our report thereon dated September 29, 2017.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Summary Schedule of Findings and Questioned Costs, we identified four (4) deficiencies in internal control over financial reporting two (2) of which we consider to be material weaknesses and the other two (2) significant deficiencies.

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

A significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2017-002, and 2017-004 to be a significant deficiencies in internal control over financial reporting.

A material weakness over financial reporting is a deficiency or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of **the Authority's** financial statements will not be prevented, or detected and corrected in a timely basis. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2017-001 and 2017-003 to be material weaknesses.

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

Compliance and Other Matters

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

The Authority's Response to Findings

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

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

Purpose of this Report

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 29, 2017



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

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

Report on Compliance for Each Major Federal Program

We have audited **Housing Authority of the City of Slidell's (the Authority)** compliance with the types of compliance requirements described in Title II of the United States Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (*Uniform Guidance* OMB Compliance Supplement) that could have a direct and material effect on each of **the Authority's** major federal programs for the year ended March 31, 2017. **The Authority's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

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

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, **the Authority** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with *the Uniform Guidance* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2017-005 through 2017-014 and 2017-019. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's Response to Findings

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance, Continued

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in **the Authority's** internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the following paragraphs, we identified deficiencies in internal control over compliance two (2) of which we consider to be material weaknesses and the other two (2) significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2017-016 and 2017-018 to be significant deficiencies in internal control over compliance.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2017-015 and 2017-017 to be material weaknesses, as defined above.

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

The Authority's Response to Findings

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

Purpose of this Report

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 29, 2017

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Non-compliance material to financial statements noted? **No**

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

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

Any audit findings disclosed that are required to be reported in accordance with the requirements of *the Uniform Guidance*? **Yes**

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.871	Housing Choice Voucher Program
14.850a	Low Rent Public Housing Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II - Financial Statement Findings and Questioned Costs

Reference Number

2017-001

Federal Award Program

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

Criteria

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

Condition

We continued to note during the course of the audit that the financial statements as prepared by **the Authority** required audit adjustments to fairly state account balances.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691,202.

Effect or Potential Effect

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2017-001

Cause

The level of oversight afforded by the previous department head coupled with the “crash” and reconstruction of **the Authority** computer system.

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement revised and/or new procedures and processes as necessary to minimize, if not eliminate, the potential risk associated with the described condition.

Management’s Response and Planned Corrective Action

Management has implemented practices to include periodic monitoring, review and transitional schedule compiled with by staff. To the extent applicable, policies and procedures have been revised effective August 15, 2017 to address the timely and complete monthly and year-end processing of all financial data and reports. Furthermore, management installed a new software program effective July 2016.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2017-002

Federal Award Program

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

Criteria

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

Condition

A review of the cash receipts, disbursements and payroll cycles for **the Authority** for the month of December 2016 (month judgementally selected for testing) revealed the following conditions:

- o For five (5) tenants judgementally selected for testing rent collections, we noted in all five (5) instances rents collected were not deposited within 24-hours as required by **the Authority's** policy.
- o In two (2) of thirty-two (32) instances for invoices tested, we noted no evidence of cancellation of the invoice via a "paid" stamp in accordance with **the Authority's** established policy and procedure.
- o For five (5) employees tested, we noted an instance where the "FICA" calculation was incorrect. Further, we noted instances where the required leave slips on file had not been approved prior to the use of leave pursuant to **the Authority's** personnel policy.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2017-002

Condition, Continued

- o We were unable to verify the completeness of the beginning accrued leave and sick time balances at April 1, 2016 for two (2) employees eligible for accrued time.
- o In one (1) instance, we were unable to verify tenant rent charge to its contractually calculated amount as the tenants file was not available.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691,202.

Effect or Potential Effect

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

Cause

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued
2017-002

Recommendation

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

Management's Response and Planned Corrective Action

Management and the Board will continue to provide an enhanced level of oversight to minimize the risks associated with the size of the Authority. The Authority continues to invest resources in the training of staff and to seek employees with technical capacity.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number

2017-003

Federal Award Program

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

Criteria

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

Condition

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

- o No documented evidence of risk assessment of the system of internal controls over financial statement reporting.
- o Accounting for and completeness in all executed financial transactions.
- o Lack of timely and complete preparation of bank account reconciliations to include resolution of out of balance conditions.
- o Untimely resolution of stale dated checks.
- o Failure to perform timely analysis and reconciliation of all significant general ledger accounts between the respective subsidiary and control accounts.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2017-003

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2017 were \$3,691,202.

Effect or Potential Effect

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

Cause

Timing resulting from **the Authority's** recovery from its "crashed" computer system which required additional resources and prioritization.

Recommendation

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

Management's Response and Planned Corrective Action

Management has initiated a risk assessment to include the addition of new personnel to manage the Finance department.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2017-004

Federal Award Program

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

Criteria

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

Condition

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

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

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691,202.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2017-004

Effect or Potential Effect

The Authority's current size and structure provide for an environment that is conducive to an ineffective segregation of duties.

Cause

Size of personnel assigned to the accounting function and **the Authority** as a whole which is impacted by the level of financial resources.

Recommendation

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

Management's Response and Planned Corrective Action

Management continues to review and enhance where appropriate, its adopted financial policies and procedures effective August 15, 2017. Staff will be continually trained as policies/procedures are revised. Further, management has initiated a daily and monthly monitoring and financial reconciliations.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III – Federal Award Findings and Questioned Costs

Reference Number

2017-005

Federal Award Program

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

Criteria

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

Condition

The results of our review of five (5) tenant files, revealed in three (3) instances where **the Authority** lacked documented evidence to support that the respective Forms HUD 50058 were submitted on a timely basis or within the timeframe established by management.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2017 were \$333,281 or 9%.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-005

Effect or Potential Effect

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

Cause

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

Recommendation

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

Management's Response and Planned Corrective Action

Management has and continues to invest significant resources in staff training. Further, management will monitor through a new management information system of the third party vendor and HUD on a weekly basis 50058 submissions.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-006

Federal Award Program

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

Criteria

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

Condition

For all instances of five (5) files reviewed for tenant move-ins into **the Authority's** Low Rent Public Housing Program, we noted the lack of documented evidence to support the order and placement from the waiting list prior to the offer for tenancy on file.

The current software system for **the Authority**, manages the waiting list on "real" time.

Questioned Costs

None.

Context

Expenditures of federal awards for the year ended March 31, 2017 for the Low Rent Public Housing Program were \$333,281 or 9% of total expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-006

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 960.

Cause

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

Recommendation

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

Management's Response and Planned Corrective Action

The Authority at its August 15, 2017 board meeting resolved through board action to cancel its existing waiting list which include approximately 2,500 applicants. Management is currently exploring a new system to ensure adequate documentation in the basis for tenancy.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-007

Federal Award Program

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

Criteria

The Authority's Community Services Self-Sufficiency Program (CSSP) requires that each eligible family member between the ages of eighteen (18) and sixty-two (62), living in a household to certify to an eligible or exempt status for participation in CSSP.

Condition

In all five (5) tenant files reviewed, we were unable to verify documented evidence of tenant's eligibility or exempt status for participation in the CSSP.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2017 were \$333,281.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-007

Effect or Potential Effect

Noncompliance with the requirements of the CSSP policy.

Cause

Ineffective monitoring procedures in place to ensure the completeness in tenant files.

Recommendation

We recommend that management revisit with its existing quality control procedures to ensure its completeness in the documentation of information that impacts continued tenant eligibility.

Management's Response and Planned Corrective Action

Staff have been trained accordingly and the process will be managed and monitored through the new data management system installed in July 2016 by management no less than monthly.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-008

Federal Award Program

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

Criteria

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

Condition

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

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program were \$333,281 or 9% of the total federal awards for the year ended March 31, 2017.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-008

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 960.205.

Cause

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

Recommendation

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

Management's Response and Planned Corrective Action

Management has developed a form letter to facilitate compliance of the referenced eligibility requirement for tenancy.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-009

Federal Award Program

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

Criteria

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

Condition

For five (5) tenant files reviewed, we noted two (2) instances where the income reported did not match the amount as reported on Form HUD 50058. Further, the projected income as reported did not agree to the Form HUD 50058 filed.

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2017 were \$333,281.

Effect or Potential Effect

Non-compliance with the requirements of 24 CFR Section 960.259 housing certification process.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-009

Cause

Lack of adequate oversight in the tenant certification process.

Recommendation

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

Management's Response and Planned Corrective Action

Management has established a daily and monthly review schedule and checklist to ensure compliance with adopted policy and procedure. Quarterly, management will sample test transactions to ensure compliance with existing regulation and policy.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-010

Federal Award Program

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

Criteria

The Authority is required to submit in electronic format, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family. **The Authority's** policy requires submission within established timeline.

Condition

Our review of eleven (11) tenant files revealed in six (6) instances where the Form HUD 50058 were not submitted within **the Authority's** established timeline.

Questioned Costs

None.

Context

Total federal awards expended for the Housing Choice Voucher Program were \$3,355,887 or 90.94% of the total federal awards for the year ended March 31, 2017.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-010

Effect or Potential Effect

Noncompliance with the Authority's requirements relative to the submission of Form HUD 50058.

Cause

Failure to submit Form HUD 50058 within established timeline.

Recommendation

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

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

Management's Response and Planned Corrective Action

The Authority will continue to ensure that Form HUD 50058 are submitted in a timely manner for all certification transactions. Staff will continually be trained and evaluated on a timely submission of required HUD reporting.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-011

Federal Award Program

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

Criteria

Except as provided in 24 CFR section 982.203, all families admitted to the housing program must be selected from the waiting list who reach the top of the list.

Condition

Our review of eleven (11) tenant files revealed in all instances where documents confirming the tenants position on the waiting list prior to an offer for placement were not on file to support tenancy.

Questioned Costs

None.

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$3,355,887 or 90.94% of the total federal awards for the year ended March 31, 2017.

Effect or Potential Effect

Noncompliance with HUD regulations and Board policy regarding tenant placement.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-011

Cause

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

Recommendation

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

Management's Response and Planned Corrective Action

The Authority at its August 15, 2017 board meeting cancelled its existing waiting list. Management is currently exploring a new system to ensure adequate documentation in the basis for tenancy.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-012

Federal Award Program

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

Criteria

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

Condition

Our review of the March 31, 2017 occupancy report reveals a 69% leased-up based on **the Authority's** authorized Annual Contribution Contract allocation and its average HAP payment.

Questioned Costs

None.

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$3,355,887 or 90.94% of the total federal awards for the year ended March 31, 2017.

Effect or Potential Effect

Noncompliance with HUD regulations regarding leased-up levels.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued
2017-012

Cause

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

Recommendation

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

Management's Response and Planned Corrective Action

The Authority will continue to monitor leased-up in the context of funding and staffing resources and attempt to make adjustments accordingly.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-013

Federal Award Programs

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

Criteria

Pursuant to 24 CFR 985, the Authority is required to submit an annual certification of Form HUD 52648 (SEMAP) concerning compliance with program requirements under 14 indicators.

Condition

We were unable to verify the completeness of the certifications as submitted on Form HUD 52648 specifically as it relates to the indicators.

Questioned Costs

None.

Context

Total expenditures of Housing Choice Voucher Program were \$3,355,887 for the year ended March 31, 2017.

Effect or Potential Effect

Noncompliance with 24 CFR Sections 982.258(d) 15 and 982.405(b).

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-013

Cause

Lack of an effective record retention procedure.

Recommendation

We recommend that all supporting documents for all filed reports should be retained as required by board policy and HUD regulation.

Management's Response and Planned Corrective Action

The Authority will ensure that all required reports and submissions are retained to provide for an adequate audit trail.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-014

Federal Award Program

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

Criteria

24 CFR section 982-1 (a)(2) provides guidance in the determination of tenant's eligibility to participate in the housing program.

Condition

Our review of eleven (11) tenant files revealed the following conditions:

- o In one (1) instance, the tenant's completed application form was not signed by the tenant.
- o In one (1) instance, the tenant file could not be located.
- o In one (1) instance, the tenant file did not have a sign Form HUD 214 on file.
- o In one (1) instance an executed Form HUD 9886 was not available and/or on file for review.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-014

Context

Total federal awards expended for the Housing Choice Voucher Program were \$3,355,887 or 90.94% of the total federal awards for the year ended March 31, 2017.

Effect or Potential Effect

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

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 has invested resources in training for staff. Further, a monitoring process has been established to review compliance on a periodic basis.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-015

Federal Award Program

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

Criteria

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

Condition

We continued to note during the course of the audit that the financial statements as prepared by **the Authority** required audit adjustments to fairly state account balances.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691,202.

Effect or Potential Effect

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-015

Cause

The level of oversight afforded by the previous department head coupled with the “crash” and reconstruction of **the Authority’s** computer system.

Recommendation

We recommend that management continue to re-evaluate its internal control design, develop and implement revised and/or new procedures and processes as necessary to minimize, if not eliminate, the potential risk associated with the described condition.

Management’s Response and Planned Corrective Action

Management has implemented practices to include periodic monitoring, review and transitional schedule compiled with by staff. To the extent applicable, policies and procedures have been revised effective August 15, 2017 to address the timely and complete monthly and year-end processing of all financial data and reports. Furthermore, management installed a new software program effective July 2016.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-016

Federal Award Program

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

Criteria

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

Condition

A review of the cash receipts, disbursements and payroll cycles for **the Authority** for the month of December 2016 (month judgementally selected for testing) revealed the following conditions:

- o For five (5) tenants judgementally selected for testing rent collections, we noted in all five (5) instances rents collected were not deposited within 24-hours as required by **the Authority** policy.
- o In two (2) of thirty-two (32) instances for invoices tested, we noted no evidence of cancellation of the invoice via a "paid" stamp in accordance with **the Authority's** established policy and procedure.
- o For five (5) employees tested, we noted an instance where the "FICA" calculation was incorrect. Further, we noted instances where the required leave slips on file had not been approved prior to the use of leave pursuant to **the Authority's** personnel policy.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-016

Condition, Continued

- o We were unable to verify the completeness of the beginning accrued leave and sick time balances at April 1, 2016 for two (2) employees eligible for accrued time.
- o In one (1) instance, we were unable to verify tenant rent charge to its contractual calculated amount as the tenants file was not available.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691,202.

Effect or Potential Effect

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

Cause

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-016

Recommendation

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

Management's Response and Planned Corrective Action

Management and the Board will continue to provide an enhanced level of oversight to minimize the risks associated with the size of the Authority. The Authority continues to invest resources in the training of staff.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-017

Federal Award Program

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

Criteria

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

Condition

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

- o No documented evidence of risk assessment of the system of internal controls over financial statement reporting.
- o Accounting for and completeness in all executed financial transactions.
- o Lack of timely and complete preparation of bank account reconciliations to include resolution of out of balance conditions.
- o Untimely resolution of stale dated checks.
- o Failure to perform timely analysis and reconciliation of significant general ledger accounts between the respective subsidiary and control accounts.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-017

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2017 were \$3,691,202.

Effect or Potential Effect

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

Cause

Timing resulting from the Authority's recovery from its "crashed" computer system which required additional resources and prioritization.

Recommendation

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

Management's Response and Planned Corrective Action

Management has initiated a risk assessment to include the addition of new personnel to manage the Finance department.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-018

Federal Award Program

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

Criteria

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

Condition

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

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

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691,202.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-018

Effect or Potential Effect

The Authority's current size and structure provide for an environment that is conducive to an ineffective segregation of duties.

Cause

Size of personnel assigned to the accounting function and **the Authority** as a whole which is impacted by the level of financial resources.

Recommendation

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

Management's Response and Planned Corrective Action

Management continues to review and enhance where appropriate its adopted financial policies and procedures effective August 15, 2017. Staff will be continually trained as policies/procedures are revised. Further, management has initiated a daily and monthly monitoring and financial reconciliations.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2017-019

Federal Award Program

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

Criteria

21 CFR requires that contractors debarred, suspended, or proposed for debarment should be excluded from receiving contracts.

Condition

Our review of fifteen (15) vendors for compliance with the requirements for debarment and suspension revealed in all instances where we were unable to verify documented evidence of verification through the "SAM" website of compliance with the referenced CFR in order to contract with **the Authority**.

Questioned Costs

None.

Context

Total expenditure of federal awards for the year ended March 31, 2017 were \$3,691,202.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2017-019

Effect or Potential Effect

Noncompliance with the requirements of 21 CFR regarding procurement, debarment and suspension.

Cause

Lack of an established written procedure to ensure compliance with the application of the requirements of 21 CFR regarding procurement, debarment and suspension.

Recommendation

Management should develop a written procedure to ensure compliance with its procurement, debarment and suspension of vendors prior to a contractual relationship.

Management's Response and Planned Corrective Action

The board adopted a procurement policy that became effective August 15, 2017 which includes in the procurement process the checking for debarred vendors and documenting the check.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Numbers

2016-001 and 2016-018

Federal Award Program

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

Criteria

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

Condition

In December 2015, **the Authority** experienced a computer “crash” of its software system. During the months following such, **the Authority** has undertaken a reconstruction of its general ledger and program files.

Our review of the general ledger generated by **the Authority** for the year ended March 31, 2016, revealed the following material conditions:

- Year end accruals were not completely reflected in the accounting records prior to the effect of audit work effort and resulting adjustments.
- Capital assets acquired through the Capital Fund Program were not correctly reflected in the general ledger at March 31, 2016 for the Low Rent Public Housing and Capital Fund programs to reflect capital assets and equity transfers prior to the impact of audit work effort and resulting adjustments.
- Noted inconsistencies in the classification of cost to the respective control accounts resulting in reclassification entries subsequent to year-end.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Numbers Continued

2016-001 and 2016-018

Condition, Continued

- o The nature of the general ledger does not facilitate a detail review as most of the transactions were recorded via journal entries.
- o No documented evidence of risk assessment of the system of internal controls over financial statement reporting.
- o Lack of timely and complete preparation of bank account reconciliations.

This condition is similar to prior year findings reference numbers 2015-001 and 2015-016.

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Effect or Potential Effect

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Numbers, Continued

2016-001 and 2016-018

Cause

The “crash” of **the Authority’s** computer software system and changes in personnel impacted year end closing activities.

Recommendation

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

Further, management should evaluate its electronic data storage policy and procedures to ensure its adequacy in the event of a disaster.

Current Status

Unresolved. See current year’s finding reference numbers 2017-001, 2017-002 and 2017-003.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-002

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 credit card transactions revealed the following conditions:

- o In one (1) instance, we noted no original receipt for two (2) purchases totaling \$666.75 listed on the credit card statement.
- o In twelve (12) instances, we were unable to evidence the documented basis for the procurement of goods and/or services via the use of purchase order(s), quote(s), etc.
- o In one (1) instance, we were unable to evidence the documented business/public purpose for purchase.
- o In one (1) instance, the purchase was supported by an invoice from the vendor.
- o In six (6) instances, we noted no original receipts but detail statements itemizing purchases attached to support items purchased and/or charged.
- o In two (2) instances, we noted no documented evidence of prior approval of paid invoices.
- o In three (3) instances, we noted payment of late fees totaling \$58.24.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-002

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Effect or Potential Effect

Non-compliance with Board policy regarding documentation of credit card purchases.

Cause

Lack of adequate oversight in monthly processing of procured goods and/or services.

Recommendation

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

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Numbers

2016-003 and 2016-019

Federal Award Program

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

Criteria

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

Condition

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

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

This condition is similar to a prior year finding reference numbers 2015-002, 2015-003, and 2015-017.

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Numbers, Continued

2016-003 and 2016-019

Effect or Potential Effect

The Authority’s current size and structure provide for an environment that is conducive to an ineffective segregation of duties.

Cause

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

Recommendation

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

Current Status

Unresolved. See current year’s finding reference number 2017-004.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-004

Federal Award Program

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

Criteria

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

Condition

The audited financial statements as of and for the year ended March 31, 2016 were not published by September 30, 2016 (statutory due date).

Questioned Costs

None.

Context

Federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Effect or Potential Effect

Noncompliance with the statutory due date requirement of Louisiana Audit Law.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section II - Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2016-004

Cause

The "crash" of the Authority's computer software system resulting in a reconstruction to include changes in personnel impacted the timely preparation of financial statements. The independent contractor charged with the periodic back-up of electronic data failed to perform the procedures on a timely and periodic basis.

Recommendation

The Authority should develop a recovery plan that ensures a continuous storage of all electronic data. Such a plan should include a procedures for periodic review for compliance.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Numbers

2016-005 and 2016-020

Federal Award Program

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

Criteria

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

Condition

- o In one (1) instance of four (4) "ACH" transactions selected for review, we noted where the supporting documents provided for portability payments received from another Housing Authority did to agree to the amount deposited. The deposit was \$6,619.56 as reflected on the bank statement versus the supporting documents provided which totaled \$5,764.56.
- o For ten (10) tenants judgementally selected for testing rent collections, we noted the following conditions:
 - A tenant paid less than the executed rent agreement amount. Also, no invoice was attached to the rent collection as established by board policy.
 - In two (2) instances, the rent invoices were not stamped paid according to **the Authority's** established policy and procedures.
 - For one (1) money order received, we noted no "for deposit only" endorsement according to **the Authority's** established policy and procedures.
 - In five (5) instances, **the Authority** was unable to provide documents to facilitate our testing for agreement of rent collections to associated receipts.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-005 and 2016-020

Condition, Continued

For twenty-five (25) cash disbursement transactions selected from the month of December 2015 (month judgementally selected for testing), we noted the following conditions:

- In one (1) instance, we noted where an invoice did not agree to the payment amount. The supporting documentation provided amounted to \$497.45 and the check was for \$551.13 resulting in a difference of \$53.68.
- In another instance, **the Authority** was unable to provide the required supporting documentation for testing.
- **The Authority** was unable to provide the associated invoice to support a payment to a vendor.
- One (1) selected invoice reviewed was not stamped "paid".
- Four (4) check numbers, amounts and descriptions reviewed did not agree to description on a "detail check listing" report extracted from the general ledger.
- In eight (8) instances during our testing for compliance with the Board's procurement policy, we were unable to review documented evidence to support the type and basis for procurement.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Numbers Continued

2016-005 and 2016-020

Effect or Potential Effect

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

Cause

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

Recommendation

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

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Numbers

2016-006 and 2016-021

Federal Award Program

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

Criteria

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

Condition

We continued to note during the course of the audit that the financial statements as prepared by **the Authority** required audit adjustments to fairly state account balances.

This condition is similar to a prior year finding reference number 2015-004 and 2015-008.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Effect or Potential Effect

Condition of **the Authority's** current internal control system over financial reporting to include the "crash" of its computer software system during the year ended March 31, 2017 does not provide for a timely and complete financial statements for management's review.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Numbers, Continued

2016-006 and 2016-021

Cause

The "crash" of the Authority's computer software system in December 2015 coupled with personnel changes.

Recommendation

We recommended that management continue to re-evaluate its internal control design, develop and implement revised and/or new procedures and processes as necessary to minimize, if not eliminate, the potential risk associated with the described condition. The review should include an enhancement of its electronic data back-up procedures.

Current Status

Unresolved. See current year's finding reference numbers 2017-001 and 2017-015.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-007

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 five (5) personnel files to include payroll disbursements for our test month of December 2015 (monthly judgementally selected for testing) revealed the following conditions:

- o One (1) instance, an employee at termination was overpaid as a result of the use of an incorrect accrued leave balance by the fee accountant.
- o In four (4) instances, **the Authority** was unable to provide timesheets to correspond to the payroll for the test month.
- o Noted inconsistent calculation of earned leave for employees.
- o In three (3) instances of fifteen (15) payroll transactions, the associated timesheets provided for review lacked evidence of supervisory approval.
- o In two (2) instances, we were unable to review for approval leave documentation to support leave used.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-007

Questioned Costs

None.

Context

Total amount of federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Effect or Potential Effect

Non-compliance with the requirements of Board policy regarding payroll processing.

Cause

Inadequate records organization and retention to facilitate retrieval on a timely basis.

Recommendation

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

Current Status

Partially resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-008

Federal Award Program

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

Criteria

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

Condition

The results of our review of ten (10) tenant files, revealed in all instances where **the Authority** lacked documented evidence to support that the Form HUD 50058 were submitted on a timely basis or within the timeframe established by management.

This condition is similar to a prior year finding reference number 2015-005.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2016 were \$334,864 or 11%.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-008

Effect or Potential Effect

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

Cause

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

Recommendation

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

Current Status

Unresolved. See current year's finding reference number 2017-005.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-009

Federal Award Program

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

Criteria

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

Condition

For all instances of ten (10) files reviewed for tenant move-ins into **the Authority's** Low Rent Public Housing Program, we noted the lack of documented evidence to support the order and placement from the waiting list prior to the offer for placement on file.

The current software system for **the Authority**, manages the waiting list or "real" time.

This condition is similar to a prior year's finding reference number 2015-006.

Questioned Costs

None.

Context

Expenditures of federal awards for the year ended March 31, 2016 for the Low Rent Public Housing Program were \$334,864 or 11% of total expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-009

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 960.

Cause

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

Recommendation

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

Current Status

Unresolved. See current year's finding reference number 2017-006.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-010

Federal Award Program

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

Criteria

The Authority's Community Services Self-Sufficiency Program (CSSP) requires that each eligible family member between the ages of eighteen (18) and sixty-two (62), living in a household to certify to an eligible or exempt status for participation in CSSP.

Condition

In eight (8) of ten (10) tenant files reviewed, we were unable to verify documented evidence of tenant's eligibility or exempt status for participation in the CSSP.

This condition is similar to a prior year finding reference number 2015-008.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2016 were \$334,864.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-010

Effect or Potential Effect

Noncompliance with the requirements of the CSSP policy.

Cause

Ineffective monitoring procedures in place to ensure the completeness in tenant files.

Recommendation

We recommended that management revisit with its existing quality control procedures to ensure its completeness in the documentation of information that impacts continued tenant eligibility.

Current Status

Unresolved. See current year's finding reference number 2017-007.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-011

Federal Award Program

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

Criteria

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

Condition

At March 31, 2017, the Authority has not executed a DOT against all public housing property owned by the Authority acquired, developed, maintained, or assisted with funds from the U.S. Housing Act of 1937.

This condition is similar to a prior year finding reference number 2015-019.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing and Capital Fund Programs were \$476,114 or 16% of the total federal awards for the year ended March 31, 2016.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-011

Effect of Potential Effect

Noncompliance with the requirements of 24 CFR.

Cause

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

Recommendation

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

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-012

Federal Award Program

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

Criteria

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

Condition

In all ten (10) tenant files reviewed, we noted no written documentation on file to support verification of prior lease violations.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program were \$334,864 or 11% of the total federal awards for the year ended March 31, 2016.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-012

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.

Current Status

Unresolved. See current year's finding reference number 2017-008.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-013

Federal Award Program

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

Criteria

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

Condition

In four (4) of ten (10) tenant files reviewed, we noted no documented evidence to support the certification of rent reasonableness.

This condition is similar to a prior year finding reference number 2015-009.

Questioned Costs

None.

Context

Total federal awards expended for the Housing Choice Voucher Program were \$2,520,400 or 84% of the total federal awards for the year ended March 31, 2016.

Effect or Potential Effect

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-013

Cause

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

Recommendation

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

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-014

Federal Award Program

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

Criteria

The Authority is required to submit in electronic format, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family. **The Authority’s** policy requires submission within established timeline.

Condition

Our review of ten (10) tenant files revealed in all instances where the HUD Form 50058 were not submitted within **the Authority’s** established timeline.

This condition is similar to a prior year’s finding reference number 2015-010.

Questioned Costs

None.

Context

Total federal awards expended for the Housing Choice Voucher Program were \$2,520,400 or 84% of the total federal awards for the year ended March 31, 2016.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-014

Effect or Potential Effect

Noncompliance with **the Authority’s** requirements relative to the submission of Form HUD 50058.

Cause

Failure to submit Form HUD 50058 within established timeline.

Recommendation

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

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

Current Status

Unresolved. See current year’s finding reference number 2017-010.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-015

Federal Award Program

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

Criteria

Except as provided in 24 CFR section 982.203, all families admitted to the housing program must be selected from the waiting list who reach the top of the list.

Condition

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

This condition is similar to a prior year's finding reference number 2015-011.

Questioned Costs

None.

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$2,520,400 or 84% of the total federal awards for the year ended March 31, 2016.

Effect or Potential Effect

Noncompliance with HUD regulations and Board policy regarding tenant placement.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-015

Cause

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

Recommendation

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

Current Status

Unresolved. See current year's finding reference number 2017-011.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-016

Federal Award Program

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

Criteria

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

Condition

Our review of the March 31, 2016 occupancy report reveals a 67% leased-up based on **the Authority's** authorized Annual Contribution Contract allocation and its average HAP payment.

This condition is similar to a prior year finding reference number 2015-012.

Questioned Costs

None.

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$2,520,400 or 84% of the total federal awards for the year ended March 31, 2016.

Effect or Potential Effect

Noncompliance with HUD regulations regarding leased-up levels.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-016

Cause

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

Recommendation

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

Current Status

Unresolved. See current year's finding reference number 2017-012.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number

2016-017

Federal Award Programs

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

Criteria

Pursuant to 24 CFR 985, the Authority is required to submit an annual certification of Form HUD 52648 (SEMAP) concerning compliance with program requirements under 14 indicators.

Condition

We were unable to verify the completeness of the certifications as submitted on Form HUD 52648.

Questioned Costs

None.

Context

Total expenditures of Housing Choice Voucher Program were \$2,520,400 for the year ended March 31, 2016.

Effect or Potential Effect

Noncompliance with 24 CFR Sections 982.258(d) 15 and 982.405(b).

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

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

Reference Number, Continued

2016-017

Cause

Lack of an effective record retention procedure.

Recommendation

We recommended that all supporting documents for all filed reports should be retained as required by board policy and HUD regulation.

Current Status

Unresolved. See current year's finding reference number 2017-013.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2017

Section V - HUD Compliance Monitoring and Review Report

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

The Authority has been requested to submit a proposed corrective action plan within forty-five (45) calendar days.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

EXIT CONFERENCE

The financial statements and all related reports, exhibits and schedules were discussed at an exit conference. Management is in agreement with the content of this report. Those that participated in the conference:

HOUSING AUTHORITY OF THE CITY OF SLIDELL

Ms. Shelia Danzey*

--

Executive Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA

--

Partner

*Primary contact for the corrective planned actions.



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

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

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

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

Management of **Housing Authority of the City of Slidell (the Authority)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements as of and for the year ended March 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered **the Authority's** internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **the Authority's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Authority's** internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior year's other matters. We previously reported on **the Authority's** internal control in our report dated September 29, 2017. This letter does not affect our report dated September 29, 2017 on **the Authority's** internal control over financial reporting or its financial statements.

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

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

Current Year's Other Matters
2017

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

Reference Number

OM 2017-001

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 shared cost for the Low Rent Public and Housing Choice Voucher Programs, revealed inconsistencies in the allocation of shared costs.

This condition is similar to a prior year other matter reference numbers OM 2016-001, OM 2015-001 and OM 2015-002.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691,202.

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

Current Year's Other Matters, Continued
2017

Reference Number, Continued

OM 2017-001

Effect or Potential Effect

Completeness in recorded amount of shared cost by program.

Cause

Inadequate oversight in the application shared cost by staff and previous department head.

Recommendation

Management should revisit with its shared cost allocation policy and to ensure its application on a consistent basis.

Management's Response and Planned Corrective Action

Management has also established written procedures that outlines for accounting the process to be tested monthly. Thirty (30) days before the beginning of each fiscal year, accounting will provide to management a recommended annual allocation plan based on previous year's data and other market, staffing and resource factors. Management will document the approval of the allocation plan to be used and will use it for monthly review process.

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

Current Year's Other Matters, Continued
2017

Reference Number

OM 2017-002

Criteria

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

Condition

The Authority has an overall net deficit in its Housing Choice Voucher Program at March 31, 2017 of \$209,646 between its restricted and unrestricted net positions.

Questioned Costs

None.

Context

Total Housing Choice Voucher Program expended for the year ended March 31, 2017 were \$3,355,887.

Effect or Potential Effect

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

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

Current Year's Other Matters, Continued
2017

Reference Number, Continued
OM 2017-002

Cause

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

Recommendation

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

Management's Response and Planned Corrective Action

Management has reviewed the issue of the operating fund deficit for the Housing Choice Voucher Program. **The Authority's** analysis has determined that from the waiting list process to actual signing of a contract, involves a minimum of operating expenses for which **the Authority** receives no reimbursement. In addition, HUD does not fund the administrative fees at a 100% level.

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

Current Year's Other Matters, Continued
2017

Reference Number

OM 2017-003

Criteria

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

Condition

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

This condition is similar to prior year's other matter reference number OM 2015-006.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691,202.

Cause

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

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

Current Year's Other Matters, Continued
2017

Reference Number, Continued
OM 2017-003

Effect or Potential Effect

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

Recommendation

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

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

Management's Response and Planned Corrective Action

Management has adopted all the recommendations of the auditor and they have been incorporated in our financial policies; as well provide continuous training to staff with our software provider through which we maintain the general ledgers.

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

Current Year's Other Matters, Continued
2017

Reference Number

OM 2017-004

Criteria

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

Condition

Our review of employee files for payroll transactions executed during the month of December 2015 (month judgementally selected for testing) revealed no State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications. However, we noted management's maintenance of approved pay rates for all employee on file.

The condition is similar to prior year findings reference number OM 2014-001.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691.202.

Cause

Unable to determine the cause for the referenced condition.

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

Current Year's Other Matters, Continued
2017

Reference Number, Continued

OM 2017-004

Effect of Potential Effect

Potential noncompliance with the requirements of Civil Service procedures.

Recommendation

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

Management's Response and Planned Corrective Action

Management has complied with all Louisiana State Civil request and will continue to do so. However, the Board and management are weighing the benefits of continuing to belong to Commission, weighing cost and benefits and will reach a decision by the end of December 31, 2017 as to whether to follow the path of other Authorities and get out of the system, since the precedence has been established.

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

Current Year's Other Matters, Continued
2017

Reference Number

OM 2017-005

Criteria

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

Condition

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

This condition is a repeat of OM 2014-003.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2017 were \$3,691.202.

Cause

Occupancy by two employees without the benefit of tenancy requirements.

Effect or Potential Effect

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

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

Current Year's Other Matters, Continued
2017

Reference Number, Continued

OM 2017-005

Recommendation

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

Management's Response and Planned Corrective Action

The Authority will formally correspond with HUD on this matter and attempt a resolution in writing from the New Orleans HUD field office.

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

Prior Year's Other Matters
2016

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

Reference Number
OM 2016-001

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 shared cost for the Low Rent Public and Housing Choice Voucher Programs, revealed inconsistencies in the allocation of shared costs.

This condition is similar to a prior year other matter reference numbers OM 2015-001 and OM 2015-002.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued

OM 2016-001

Effect or Potential Effect

Completeness in recorded amount of shared cost by program.

Cause

Inadequate oversight in the application shared cost by staff.

Recommendation

Management should revisit with its shared cost allocation policy and to ensure its application on a consistent basis.

Current Status

Unresolved. See current year's other matter reference OM 2017-001.

Management has also established written procedures that outlines for accounting the process to be tested monthly. Thirty (30) days before the beginning of each fiscal year, accounting will provide to management a recommended annual allocation plan based on previous year's data and other market, staffing and resources factors. Management will document the approval of the allocation plan to be used and will use it for monthly review process.

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

Prior Year's Other Matters, Continued
2016

Reference Number

OM 2016-002

Criteria

HUD regulations require the electronic submission of unaudited financial statements.

Condition

Submission of the unaudited financial data schedules is required by HUD within sixty (60) days of the Authority March 31, 2016 year end.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Effect or Potential Effect

Noncompliance with HUD program reporting requirements.

Cause

Inadequate oversight in the application shared cost by staff.

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued

OM 2016-002

Recommendation

Management of the **Authority** should submit the unaudited financial data schedules within the statutory due date.

Current Status

Resolved.

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

Prior Year's Other Matters, Continued
2016

Reference Number

OM 2016-003

Criteria

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

Condition

The Authority has an overall net deficit in its Housing Choice Voucher Program at March 31, 2016 of \$128,128 between its restricted and unrestricted net positions.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Effect or Potential Effect

The Authority's potential inability to manage the cost associated with the Housing Choice Voucher Program

Cause

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

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued

OM 2016-003

Recommendation

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

Current Status

Unresolved. See current year's other matter reference number OM 2017-002

Management has reviewed the issue of the operating fund deficit for the Housing Choice Voucher Program. **The Authority's** analysis has determined that from the waiting list process to actual signing of a contract, involves a minimum of operating expenses for which **the Authority** receives no reimbursement. In addition, HUD does not fund the administration fees at a 100% level.

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

Prior Year's Other Matters, Continued
2016

Reference Number
OM 2016-004

Criteria

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

Condition

Our review of **the Authority's** monthly accounting processes for the month of December 2015 (month judgementally selected) revealed the following conditions:

- o Untimely and inaccurate reconciliation of significant general ledger control accounts to afford an opportunity for management's timely review.
- o Depreciation calculations on various capital assets varied based on the results of our calculations.
- o Variances between subsidiary ledgers such as "rent roll", capital asset, tenant accounts receivables, for all cash accounts etc. to their respective control accounts.
- o There are inconsistencies between the move-in/move-out and the rent roll causing doubt about the completeness and accuracy of the reports.
- o There were twenty-five (25) checks totaling \$5,980.80 that had been outstanding greater than ninety (90) days.
- o There were two items tested on the bank reconciliation as cleared transactions, but the same check numbers were listed on the outstanding check listing for different amounts.

This condition is similar to other matter reference numbers OM 2014-002 and OM 2015-002.

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued

OM 2016-004

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Cause

The level of oversight in the Finance department.

Effect or Potential Effect

Potential for the presentation of incomplete financial statements.

Recommendation

Management should review its current financial statements reporting processes to ensure its integrity in the generation of complete financial statements on a timely basis.

Current Status

Partially resolved.

Management has established daily and monthly schedules and checklist of review and processing of accurate data that is generated to the general ledger.

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

Prior Year's Other Matters, Continued
2016

Reference Number

OM 2016-005

Criteria

Louisiana Revised Statute 42:1124 dictates the criteria for the filing of personal financial statements.

Condition

Louisiana Revised Statute 42:1124 requires that each member of board of commission that has authority to expend, disburse, or invest ten thousand or more of funds in a fiscal year, is required to file a personal financial disclosure statement every year by May 15th and the year following termination.

This condition is similar to other matter finding reference number OM 2015-003.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Cause

Oversight in the compliance of the requirements of LA R.S. 42:11214.

Effect or Potential Effect

Noncompliance with Louisiana Revised Statute 42:1124.

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued

OM 2016-005

Recommendation

Management should continue to assist its board of commissioners comply with the requirements of Louisiana Revised Statute 42:1124.

Current Status

Resolved.

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

Prior Year's Other Matters, Continued
2016

Reference Number

OM 2016-006

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

Currently, **the Authority** has an executed "sweep account" with its banker dated August 23, 2012.

The terms of the agreement in part calls for the daily investment of **the Authority's** funds.

Specifically, section 12(e) of the agreement discloses that the Bank "enters into purchases prior to the end of each business day based on its estimate of the amount of the funds that will be available for investment....."

In connection with the March 31, 2016 audit, we were unable to independently confirm the safekeeping custody of the purchased investments.

This condition is similar to prior year's other matter reference number OM 2015-006.

Questioned Costs

None.

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued

OM 2016-006

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Cause

Unable to determine the cause for the referenced condition.

Effect or Potential Effect

Potential risk associated with the concentration of funds at a local institution.

Recommendation

Management should review its executed agreement regarding the referenced investments to ensure its completeness relative to custodial access to its funds.

Current Status

Resolved.

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

Prior Year's Other Matters, Continued
2016

Reference Number

OM 2016-007

Criteria

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

Condition

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

This condition is similar to prior year's other matter reference number OM 2015-006.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Cause

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

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued

OM 2016-007

Effect or Potential Effect

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

Recommendation

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

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

Current Status

Unresolved. See current year's other matter reference number OM 2017-003.

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

Prior Year's Other Matters, Continued
2016

Reference Number

OM 2016-008

Criteria

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

Condition

Our review of employee files for payroll transactions executed during the month of December 2015 (month judgementally selected for testing) revealed no State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications. However, we noted management's maintenance of approved pay rates for all employee on file.

The condition is similar to prior year findings reference number OM 2014-001.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996.514.

Cause

Unable to determine the cause for the referenced condition.

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued

OM 2016-008

Effect of Potential Effect

Potential noncompliance with the requirements of Civil Service procedures.

Recommendation

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

Current Status

Unresolved. See current year's other matters reference number OM 2017-004.

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

Prior Year's Other Matters, Continued
2016

Reference Number

OM 2016-009

Criteria

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

Condition

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

This condition is a repeat of OM 2014-003.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2016 were \$2,996,514.

Cause

Occupancy by two employees without the benefit of tenancy requirements.

Effect or Potential Effect

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

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued
OM 2016-009

Recommendation

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

Current Status

Unresolved. See current year's other matter reference number OM 2017-005.

The Authority will correspond with HUD on this matter and attempt a resolution in writing from the New Orleans HUD field office.

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

Prior Year's Other Matters, Continued
2016

Reference Number

OM 2016-010

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 current accounting and program policies and procedures do not align to current practice.

This condition is similar to other matter reference number 2015-007.

Questioned Costs

None.

Context

Total federal awards expense for the year ended March 31, 2016 were \$2,996,514.

Cause

Outdated operating policy and procedures.

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

Prior Year's Other Matters, Continued
2016

Reference Number, Continued

OM 2016-010

Effect or Potential Effect

Potential for inconsistent application of policy and procedures.

Recommendation

The Authority should update its current accounting policies and procedure manual to ensure its completeness and alignment to current practice.

Current Status

Resolved.

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

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

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

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 29, 2017

HOUSING AUTHORITY OF THE CITY OF SLIDELL

**INDEPENDENT ACCOUNTANTS' REPORT
ON**

APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR ENDED MARCH 31, 2017

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	1
BOARD OVERSIGHT	2
WRITTEN POLICIES AND PROCEDURES	3
CONTRACTS	5



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

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

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

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

We have performed the enumerated procedures, which were agreed to by the management of **Housing Authority of the City of Slidell (the Authority)** and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about **the Authority's** compliance with certain laws and regulations during the period from April 1, 2016 through March 31, 2017. Management of **the Authority** is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

(CONTINUED)

The procedures performed, our findings and management's response, as applicable are summarized as follows:

BOARD OVERSIGHT

1a. Procedure

Obtained and reviewed the board minutes for the fiscal periods, and report as to whether the board met (with a quorum) at least monthly.

Finding

For the fiscal year ended March 31, 2017, the board met with a quorum in October and November 2016 then in March, April and August of 2017.

During the other months, the board with a membership of five (5) did not have a quorum for varying reasons to undertake a meeting.

1b. Procedure

Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund.

Finding

The Authority's financial statements are accounted for under the proprietary fund.

Because of the reconstruction of the general ledger starting in July 2016, **the Authority** was unable to submit budget to actual reports to its board until its April 20, 2017 and August 15, 2017 board meeting.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

(CONTINUED)

WRITTEN POLICIES AND PROCEDURES

2. Procedure

Obtained **the Authority's** written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that **the Authority** does not have any written policies and procedures), as applicable:

- a. Budgeting, including preparing, adopting, monitoring, and amending the budget.
- b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c. Disbursements, including processing, reviewing, and approving
- d. Receipts, including receiving, recording, and preparing deposits
- e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

(CONTINUED)

WRITTEN POLICIES AND PROCEDURES, CONTINUED

- g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read **the Authority's** ethics policy.

Finding

Based on our review of **the Authority's** current policies and procedures manual, we noted that the adopted policies and procedures met in all material respects the attributes listed in the procedures section of this report, as applicable.

CONTRACTS

3. **Procedure**

Obtained a listing of all contracts/agreements in effect during the fiscal period and obtained management's representation that the listing is complete.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

(CONTINUED)

CONTRACTS, CONTINUED

Finding

We obtained **the Authority's** contract listing and representation for the year ended March 31, 2017 of its completeness.

4. Procedure

Using the listing above, select the 3 contractors that were paid the most money during the fiscal period.

Finding

Based on the listing provided, we selected three (3) of the highest paid contractors.

5. Procedure

Obtained the related contracts and invoices for the selected contractors during the fiscal period and reported noting whether (1) there is a formal/written contract that supports the services; (2) the board approved the contract, if required; (3) the contract is in compliance with the Public Bid Law or Procurement Code, if applicable; and (4) the contract terms support the invoices paid during the period.

Finding

For one (1) of the three (3) contracts reviewed, we noted the absence of documented evidence of the required quotes (three (3)) pursuant to **the Authority's** adopted procurement policy.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

(CONTINUED)

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

This report is intended solely for the use of management, Board of Commissioners, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 29, 2017