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HOUSING AUTHORITY OF THE CITY OF SLIDELL

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FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 1998

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

Bruno

CERTIFIED PUBLIC ACCOUNTANTS

& Tervalon

Release Date 10-21-98

HOUSING AUTHORITY OF THE CITY OF SLIDELL

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements as listed in the Table of Contents of the Housing Authority of the City of Slidell (the Authority) as of March 31, 1998 and for the year then ended. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements as listed in the Table of Contents presents fairly, in all material respects, the financial position of the Housing Authority of the City of Slidell as of March 31, 1998 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 1998 on our consideration of the Authority's internal control structure and on its compliance with laws, regulations, contracts and grants.



BRUND & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 4, 1998

BOARDING AUTHORITY OF THE CITY OF EURELL
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
MARCH 31, 1998

| | GENERAL FUND | SPECIAL REVENUE FUNDS | CAPITAL PROJECTS FUND | ACCOUNT GROUPS | | TOTAL MEMORANDUM (501.1) |
|--|-----------------|-----------------------|-----------------------|---------------------|-----------------------|--------------------------|
| | | | | GENERAL FUND ASSETS | LONG-TERM LIABILITIES | |
| ASSETS AND OTHER DEBIT | | | | | | |
| Cash and temporary cash investments (NOTE 5) | \$ 15,905 | \$186,879 | \$ - | \$ - | \$ - | \$ 302,784 |
| Accounts receivable (NOTE 4) | 34,668 | 1,285 | - | - | - | 35,953 |
| Due from other annual contribution contracts (NOTE 11) | 145,484 | 94,008 | - | - | - | 239,492 |
| Deferred charges (NOTE 4) | 24,215 | 612 | - | - | - | 24,827 |
| Land, structure and equipment (NOTE 4) | - | - | - | 49,712,262 | - | 49,712,262 |
| Impressments to structure (NOTE 4) | - | - | - | 176,463 | - | 176,463 |
| Accounts to be provided for retirement of obligations | - | - | - | - | 1,215,424 | 1,215,424 |
| | <u>\$74,168</u> | <u>\$934,892</u> | <u>\$ -</u> | <u>\$4,413,715</u> | <u>\$1,215,424</u> | <u>\$9,458,498</u> |
| Total assets and other debit | | | | | | |

The accompanying notes are an integral part of these combined financial statements.

HOUSING AUTHORITY OF THE CITY OF SHELLELL
GOVERNMENT FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET, CONTINUED
MARCH 31, 1999

| | GENERAL FUND | SPECIAL REVENUE FUNDS | CAPITAL PROJECTS FUND | ACCOUNT GROUPS | | | TOTAL MEMBERSHIP FUND (DOLLARS) |
|--|--------------|-----------------------|-----------------------|-------------------|----------------|-------------|---------------------------------|
| | | | | GENERAL FUNDABLES | LONG-TERM DEBT | LIABILITIES | |
| LIABILITIES AND EQUITY | | | | | | | |
| Due to other annual contributions (NOTE 1) | \$ - | \$ 500,000 | \$ - | \$ - | \$ - | \$ - | \$ 500,000 |
| Accounts payable (NOTE 6) | - | 400,126 | - | - | - | - | 400,126 |
| Accrued liabilities | 2,311 | - | - | - | - | - | 2,311 |
| Deposits due others (NOTE 7) | 13,402 | - | - | - | - | - | 13,402 |
| Compensated absences payable (NOTE 8) | - | - | - | - | - | - | - |
| Notes payable (NOTE 9) | - | - | - | - | 1,199 | - | 1,199 |
| Total liabilities | 15,713 | 900,126 | - | - | 1,219,000 | - | 1,934,839 |
| Investment in general fixed assets | - | - | - | 3,401,719 | - | - | 3,401,719 |
| Fund balance unreserved | 343,783 | 16,177 | - | - | - | - | 359,960 |
| Total equity | 343,783 | 16,177 | - | 3,401,719 | - | - | 3,761,679 |
| Total liabilities and equity | \$15,713 | \$916,303 | \$ - | \$3,401,719 | \$1,219,000 | \$ - | \$5,693,321 |

The accompanying notes are an integral part of these combined financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 1998

| | GENERAL FUND | SPECIAL REVENUE FUNDS | CAPITAL PROJECTS FUND | TOTAL MEMORANDUM ONLY |
|--|-----------------|-----------------------------|-----------------------------|-----------------------------|
| REVENUES | | | | |
| Dwelling rental | \$ 157,879 | \$ -0- | \$ -0- | \$ 157,879 |
| Interest on investments | <u>1,821</u> | <u>16,518</u> | <u>-0-</u> | <u>18,339</u> |
| Total revenues | 159,704 | 16,518 | -0- | 176,222 |
| EXPENDITURES | | | | |
| Administration | 126,592 | 82,594 | -0- | 196,186 |
| Tenant services | 558 | -0- | -0- | 558 |
| Utilities | 45,159 | -0- | -0- | 45,159 |
| Ordinary maintenance | 82,804 | -0- | -0- | 82,804 |
| Protective services | 613 | -0- | -0- | 613 |
| General and management improvement expense | 301,879 | 2,400 | -0- | 304,279 |
| Housing assistance payments | -0- | 846,544 | -0- | 846,544 |
| Facilities acquisition, improvements and construction | <u>-0-</u> | <u>-0-</u> | <u>213,181</u> | <u>213,181</u> |
| Total expenditures | 457,999 | 932,538 | 213,181 | 1,603,718 |
| Net operating deficit before other income | (298,295) | (916,020) | (213,181) | (1,427,505) |

The accompanying notes are an integral part of these combined financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN EQUITY, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

| | GENERAL FUND | SPECIAL REVENUE FUNDS | CAPITAL PROJECTS FUND | TOTAL (MEMORANDUM ONLY) |
|---|-----------------|-----------------------------|-----------------------------|-------------------------------|
| OTHER INCOME | | | | |
| Grants and subsidies | \$ 124,313 | \$970,731 | \$213,181 | \$1,408,225 |
| Other | <u>3,131</u> | <u>6,252</u> | <u>-0-</u> | <u>9,383</u> |
| Total other income | 128,444 | 976,983 | 213,181 | 1,418,589 |
| Excess of revenues over expenditures | 10,179 | 40,944 | -0- | 51,123 |
| Equity, (deficit) beginning of year | 142,494 | (21,113) | -0- | 121,381 |
| Adjustments, net | <u>87,582</u> | <u>(7,654)</u> | <u>-0-</u> | <u>80,028</u> |
| Equity, end of year | \$240,156 | \$33,272 | \$-0- | \$ 273,428 |

The accompanying notes are an integral part of these combined financial statements.

HOUSING AUTHORITY OF THE CITY OF BIRMINGHAM
GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN EQUITY-BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 1998

| | GENERAL FUND | | | | SPECIAL REVENUE FUNDS | | | |
|--|--------------|----------|--------------------------------------|--|-----------------------|-----------|--------------------------------------|--|
| | Budget | Actual | Variance Favorable Unfavorable | | Budget | Actual | Variance Favorable Unfavorable | |
| | | | | | | | | |
| Operating Revenues: | | | | | | | | |
| Interest on investments | \$ 1,780 | \$ 1,857 | \$ 77 | | \$ 0 | \$ 18,578 | \$ 18,578 | |
| Dwelling rental | 115,182 | 117,811 | 2,629 | | 0 | 0 | 0 | |
| Total revenues | 116,962 | 119,724 | 2,762 | | 0 | 18,578 | 18,578 | |
| Expenditures: | | | | | | | | |
| Administration: | | | | | | | | |
| Administrative | 114,060 | 116,391 | (2,331) | | 61,394 | 61,394 | 0 | |
| Tenant services | 0 | 200 | (200) | | 0 | 0 | 0 | |
| Utilities | 44,940 | 45,179 | (239) | | 0 | 0 | 0 | |
| Ordinary maintenance | 70,000 | 62,884 | 7,116 | | 0 | 0 | 0 | |
| Production services | 0 | 911 | (911) | | 0 | 0 | 0 | |
| General and management improvement expenditures | 118,176 | 101,879 | 16,297 | | 2,438 | 2,438 | 0 | |
| Housing Assistance Payments | 0 | 0 | 0 | | 1,828,128 | 838,241 | 989,887 | |
| Total expenditures | 247,176 | 227,565 | 19,611 | | 1,892,152 | 892,128 | 1,000,024 | |

The accompanying notes are an integral part of these combined financial statements.

ISSUING AUTHORITY OF THE CITY OF SHELLE
GOVERNMENT FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN EQUITY—BUDGET AND ACTUAL, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

| | GENERAL FUND | | | SPECIAL REVENUE FUNDS | | |
|--|-----------------|------------------|--|-----------------------|------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Net operating deficit before other income | \$213,410 | \$217,667 | \$ (4,257) | \$1,162,793 | \$999,670 | \$163,123 |
| Other income: | | | | | | |
| Grants and rebates | 225,166 | 225,176 | 147 | 3,185,618 | 676,791 | \$ (2,508,827) |
| Other | <u>4,740</u> | <u>2,121</u> | <u>2,619</u> | <u>0</u> | <u>8,202</u> | <u>8,202</u> |
| Total other income | <u>229,906</u> | <u>227,297</u> | <u>2,609</u> | <u>3,185,618</u> | <u>675,994</u> | <u>\$ (2,509,624)</u> |
| Excess (deficit) of revenues over expenditures | 14,480 | 10,779 | 3,701 | 32,366 | 48,944 | 8,578 |
| Equity (deficit), beginning of year | 68,400 | 147,404 | 79,004 | 000 | 41,113 | 126,729 |
| Adjustments, net | <u>0</u> | <u>87,982</u> | <u>87,982</u> | <u>0</u> | <u>13,650</u> | <u>13,650</u> |
| Equity, end of year | <u>\$82,880</u> | <u>\$235,386</u> | <u>\$152,506</u> | <u>\$32,366</u> | <u>\$103,707</u> | <u>\$71,341</u> |

The accompanying notes are an integral part of these combined financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE COMBINED 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 18, 1963, 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, 1998, the Authority had the following number of units under its management:

| <u>Contract</u> | <u>Program</u> | <u>No. of Units</u> |
|-----------------|--|---------------------|
| PW-1128 | PHA Owned-Country Gardens | 36 |
| PW-1128 | PHA Owned-Washington Heights | 76 |
| PW-2191 | Section 8 Housing Certificate Program | 125 |
| PW-2234 | Section 8 Housing Voucher Program | 185 |
| | | <u>396</u> |

Basis of Presentation

The accounts of the Authority are organized on the basis of funds or account groups, each of which is considered a separate accounting entity and is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. The accompanying combined financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units.

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

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

The accounts of the Authority are organized into three basic funds. A description of these funds and the accounts contained therein follows:

Governmental Fund

Governmental funds are those through which most governmental functions of the Authority are financed. The acquisition, use and balances of the Authority's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position, rather than upon net income determination. The following are the Authority's governmental funds:

General Fund - The general fund is used to account for the financial resources of the Low Income Housing Program administered by the Authority.

Special Revenue Funds - Special revenue funds are used by the Authority to account for the proceeds of specific revenue sources for the Section 8 Certificate and Voucher programs that are legally restricted to expenditures for specified purposes.

Capital Project Fund

This fund accounts for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the other governmental funds. Capital funds contain transactions relating to the entire modernization and development programs.

Account Groups

The account group is used to establish accounting control and accountability for the Authority's general fixed assets and outstanding obligations, respectively. It is a self-balancing group of accounts that are concerned only with the measurement of financial position, not with the measurement of results of operations. The following is the Authority's account groups:

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

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

General Fixed Asset Account Group - This group of accounts is established to account for fixed assets of the Authority. The fixed assets of the governmental fund are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized or reported in the general fixed asset account group.

General Long-Term Obligations Account Group - This group of accounts is established to account for long-term obligations of the Authority.

Basis of Accounting - All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when *susceptible to accrual* (i.e., both measurable and available). Available means currently due and expected to be collected within the next twelve months. Revenues not considered available are recorded as deferred revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.

Investment earnings are recorded as earned since they are measurable and available.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are essentially two types of such revenues. In one, monies must be expended for the specific purpose or project before any amounts will be reimbursed to the Authority; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually reversible only for failure to comply with prescribed compliance requirements. Such revenues are recognized at the time of receipt or earlier if the "susceptible to accrual" criteria are met.

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

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

Accounts Receivable

Accounts receivable are stated at net realizable value as required by generally accepted accounting principles. It is the practice of the Authority to expense uncollectible receivables only upon approval by the Board of Commissioners under the HUD basis of accounting. At March 31, 1998 the allowance for doubtful accounts is \$40.

Due to/from

Amounts due from and due to the Annual Contribution Contracts are recorded on the books of the applicable Annual Contribution Contracts, respectively as due to/from other Annual Contribution Contracts.

Land, Structures, and Equipment

Land, structures, and equipment are recorded at cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. Maintenance and repair costs are charged against income as they are incurred. Significant renewals and betterments are capitalized. The records of the Authority do not allow for a detail disclosure of the major composition of land, structure and equipment. Depreciation expense has not been provided on general fixed assets.

Statement of Financial Accounting Standards No. 121, "Accounting for The Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of in accordance with generally accepted accounting principles is effective for 1997. Under the provisions of the Statement, Long-Lived assets are to be reviewed for impairment. If the sum of the expected future cash flows is less than the carrying value amount of the asset, an impairment loss should be recognized at March 31, 1998. Management has not estimated the effect of adoption.

HOUSING AUTHORITY OF THE CITY OF SLIBELL
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED

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

Notes Payable

Major capital improvement projects were financed by issuing a series of short-term notes. HUD and the Authority retired these notes through Annual Contribution Contracts as if the financing were long-term. Amounts are not segregated between current and noncurrent portions as required by generally accepted accounting principles.

In September 1984, HUD suspended the sale of project notes pending an Internal Revenue Service ruling on the tax-exempt status of the notes.

Fund Balance

Fund balance is reported in the applicable annual contribution contract to indicate the amount established for a specific purpose.

Total Columns on Financial Statements

The total columns on the financial statements 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.

Cash and Temporary Cash Investments

The Authority's cash and temporary cash investments is considered to be cash on-hand and demand deposits. The Authority may invest in primarily U.S. obligations as directed by HUD.

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

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

Budgetary Information

Annual budgets for the special revenue funds and the general fund are adopted on an annual basis consistent with generally accepted accounting principles. The capital fund budgets are adopted on a "project-length" basis.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," (GASB 14) 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 general purpose 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; c) is fiscally independent of other state and local governments.

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 the financial reporting entity within the meaning of the provisions of GASB 14.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from those estimated.

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

NOTE 2 - Amounts Receivable:

Amounts receivable as of March 31, 1998 consist of the following:

| | <u>Annual Contribution Contracts</u> | | |
|----------------------------|--|---|-----------------|
| | <u>PHA Owned Program PW-1128</u> | <u>Housing Assistance Certificate Program PW-2191</u> | <u>Total</u> |
| Tenant accounts receivable | \$ 889 | \$ -0- | \$ 889 |
| HUD | 31,979 | 1,385 | 33,364 |
| Other | 2,600 | -0- | 2,600 |
| Total | \$34,868 | \$1,385 | \$36,253 |

NOTE 3 - Deferred Charges:

Deferred charges as of March 31, 1998 consist of the following:

| | <u>Annual Contribution Contracts</u> | | | |
|-------------------|--|---|---|--------------|
| | <u>PHA Owned Program PW-1128</u> | <u>Housing Assistance Certificate Program PW-2191</u> | <u>Housing Assistance Voucher Program PW-3234</u> | <u>Total</u> |
| Prepaid insurance | \$21,396 | \$ -0- | \$ -0- | \$21,396 |
| Employee advance | 6,452 | 216 | 216 | 7,884 |
| Total | \$28,252 | \$216 | \$216 | \$28,884 |

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

NOTE 4 - Land, Structures and Equipment:

A summary of changes in the general fixed assets account group during the fiscal year is as follows:

| <u>Balance</u> <u>April 1, 1997</u> | <u>Additions</u> | <u>Retirements/ Other</u> | <u>Balance</u> <u>March 31, 1998</u> |
|--|------------------|-------------------------------|---|
| \$3,057,624 | \$15,632 | \$195,964 | \$4,877,292 |
| <u>\$3,057,624</u> | <u>\$15,632</u> | <u>\$195,964</u> | <u>\$4,877,292</u> |

Improvements to structures during the year was \$231,643.

NOTE 5 - Cash and Temporary Cash Investments:

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 of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC/PSLIC 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 COMBINED FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Cash and Temporary Cash Investments, Continued:

At various times during the Authority's fiscal year ended March 31, 1998, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these funds uncollateralized.

Even though these funds are considered to be uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposed a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

All bank balances and temporary cash investments of the Authority at March 31, 1998, none of which bear interest, are entirely insured or collateralized with securities held by its agent in the Authority's name. Cash in excess of current requirements is insured.

At March 31, 1998 cash and temporary cash investments consist of the following:

| | <u>General</u> | <u>Special</u> | <u>Total</u> | <u>Interest</u> | <u>Maturity</u> |
|-------------------|----------------|----------------|--------------|-----------------|-----------------|
| | | <u>Revenue</u> | | <u>Rate</u> | |
| Demand deposits | \$15,981 | \$568,830 | \$682,773 | Various | N/A |
| Total investments | \$15,981 | \$568,830 | \$682,773 | | |

The temporary cash investments are categorized as Category 1. Also, at March 31, 1998, the carrying amount of the Authority's deposit was \$682,773 and the bank balance was \$730,829.

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

NOTE 6 - Accounts Payable-HHUD:

Accounts payable-HHUD at March 31, 1988 consist of the following obligations:

| | <u>Annual Contribution Contracts</u> <u>Housing</u> <u>Assistance</u> <u>Certificate</u> <u>Program</u> <u>PS-2191</u> | <u>Housing</u> <u>Assistance</u> <u>Yearbar</u> <u>Program</u> <u>PS-2124</u> | <u>Total</u> |
|---|---|---|--------------|
| U.S. Department of Housing and Urban Development | \$208,938 | \$208,208 | \$417,146 |
| Total accounts payable | \$208,938 | \$208,208 | \$417,146 |

NOTE 7 - Deposits Due Collect:

Deposits due others as of March 31, 1988 of \$13,432 consist of tenant security deposits collected by the Authority.

NOTE 8 - Notes Payable:

In September 1984 HHUD suspended the sale of project notes pending an Internal Revenue Service ruling on the tax-exempt status of the notes. Project notes which matured were accordingly converted to permanent notes. Debt service is provided by HHUD in accordance with the annual contribution contract with the Authority. However, debt service annual contributions ceased as of April 1, 1986.

HOUSING AUTHORITY OF THE CITY OF SEBELL
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Notes Payable, Continued

Under the provisions of the Housing and Community Development Reconciliation Amendments of 1985 (P.L. 99-272) enacted April 3, 1986, the Secretary of Housing and Urban Development was authorized to forgive the outstanding principal and interest on loans made by the Secretary to Public Housing Agencies. The amount of forgiveness is limited to loans held by HUD which were to be repaid using annual contributions.

The amendment requires the forgiveness of project debt to HUD after a debt forgiveness amendment to the consolidated annual contribution contract has been executed by HUD and the PHA/HA, and after the Actual Development Cost Certificate or Actual Modernization Cost Certificate has been included in an audit and approved.

An amendment to the annual contribution contract has been executed in accordance with the requirements of P.L. 99-272.

The Authority's fixed liabilities at March 31, 1998 consist of the following:

| | |
|---|--------------------|
| Permanent notes payable to HUD—These notes have an indefinite maturity and are payable by HUD through the PHA's annual contribution contract. | <u>\$3,216,976</u> |
|---|--------------------|

NOTE 9 - Compensated Absences Payable

The Authority has established a policy (in accordance with State Civil Service) to pay each employee their accrued annual leave upon termination up to a maximum of 300 hours. The cost of current leave privileges, computed in accordance with GASB codification Section C60, is recognized as a current year expenditure in the governmental fund when leave is actually taken or when employees or their heirs are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring resources is recorded in the general long-term obligations account group.

HOUSING AUTHORITY OF THE CITY OF SHELLE
NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Compensated Absences Payable, Continued:

The Authority's policy is to pay up to a maximum of 300 hours of accrued annual leave when an employee terminates. At March 31, 1998 total leave to be paid upon termination is \$8,568.

NOTE 10 - Risk Management:

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

NOTE 11 - Due from/to Other Annual Contribution Contracts:

Interfund activity at March 31, 1998 consist of the following:

| | Due from Other Funds | Due to Other Funds |
|--|-------------------------|-----------------------|
| Housing Assistance Voucher Program FWS-2734 | \$ 42,500 | \$ 18,750 |
| Housing Assistance Certificate Program FWS-2151 | 13,665 | -0- |
| Housing Assistance Certificate Program FWS-2151 | -0- | 172,819 |
| PMA Grant Program FWS-1128 | <u>345,484</u> | <u>-0-</u> |
| Total | <u>\$401,589</u> | <u>\$191,569</u> |

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

NOTE 12 - *Concentration of Risk:*

The Authority receives primary all of its revenues from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from HUD fall below critical levels, the Authority's operating results could be adversely affected.

SUPPLEMENTARY INFORMATION—EXHIBITS

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

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

Our report on our audit of the general purpose financial statements of the 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 general purpose financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management Budget Circular A-133, "Audit of States, Local Governments and Non-profit Organizations" and is not a required part of the general purpose financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The supplementary information (Exhibits) which is prepared in accordance with generally accepted accounting principles, has been subjected to the procedures applied in the audit of the general purpose financial statements and is not a required part of the general purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

The supplementary information (Schedules-HUD basis) which is prepared on a Comprehensive Basis of Accounting, other than generally accepted accounting principles, has been subjected to the procedures applied in the audit of the general purpose financial statements and is not a required part of the general purpose financial statements and, in our opinion, except for differences in fund accounting, facilities acquisition, improvements and/or construction, prior year adjustment, long-term debt and receipt of federal funds presentation in accordance with HUD prescribed practices, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 4, 1998

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SPECIAL REVENUE FUNDS
COMBINED BALANCE SHEET
MARCH 31, 1998

| | HOUSING ASSISTANCE CERTIFICATE PROGRAM FW-2181 | HOUSING ASSISTANCE VOUCHER PROGRAM FW-2234 | TOTAL (MEMORANDUM ONLY) |
|---|--|--|-------------------------------|
| ASSETS | | | |
| Cash and temporary cash investments | \$266,593 | \$299,937 | \$566,530 |
| Amounts receivable | 1,285 | -0- | 1,285 |
| Due from other annual contribution contracts | 13,605 | 42,590 | 56,195 |
| Deferred charges | <u>218</u> | <u>218</u> | <u>436</u> |
| | <u>\$281,101</u> | <u>\$342,745</u> | <u>\$623,846</u> |
| LIABILITIES AND EQUITY | | | |
| Due to other annual contribution contracts | \$172,819 | \$ 28,770 | \$201,589 |
| Accounts payable - HUD | <u>188,918</u> | <u>298,208</u> | <u>487,126</u> |
| Total liabilities | <u>261,737</u> | <u>326,978</u> | <u>588,715</u> |
| Equity | <u>19,364</u> | <u>15,767</u> | <u>35,131</u> |
| Total liabilities and equity | <u>\$281,101</u> | <u>\$342,745</u> | <u>\$623,846</u> |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN EQUITY (DEFICIT)
FOR THE YEAR ENDED MARCH 31, 1998**

| | HOUSING ASSISTANCE CERTIFICATE PROGRAM <u>PW-2131</u> | HOUSING ASSISTANCE VOUCHER PROGRAM <u>PW-2134</u> | TOTAL (MEMORANDUM ONLY) |
|--|---|---|-------------------------------|
| REVENUES | | | |
| Interest on investments | \$ <u>4,808</u> | \$ <u>13,819</u> | \$ <u>18,618</u> |
| Total revenues | <u>4,808</u> | <u>13,819</u> | <u>18,618</u> |
| EXPENDITURES | | | |
| Administration | 38,847 | 32,947 | 63,994 |
| General expenses | 1,200 | 1,200 | 2,400 |
| Housing assistance payments | <u>367,347</u> | <u>519,292</u> | <u>886,648</u> |
| Total expenditures | <u>398,594</u> | <u>553,548</u> | <u>952,148</u> |
| Net operating deficit before other income | (394,005) | (540,029) | (934,030) |
| OTHER INCOME | | | |
| Grants | 493,687 | 568,044 | 570,711 |
| Other | <u>5,381</u> | <u>802</u> | <u>6,213</u> |
| Total other income | <u>498,048</u> | <u>568,816</u> | <u>576,964</u> |
| Excess of revenues over expenditures | 13,593 | 28,993 | 40,944 |
| Deficit, beginning of year | (9,887) | (11,246) | (21,135) |
| Other changes | <u>(1,655)</u> | <u>0</u> | <u>(1,654)</u> |
| Equity, end of year | \$ <u>402</u> | \$ <u>15,775</u> | \$ <u>16,377</u> |

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SHELLE
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN EQUITY (DEFICIT)—BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 1998
FHE-2191

| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|-----------|-----------|--|
| REVENUES | | | |
| Interest on investments | \$ -0- | \$ 4,889 | \$ 4,889 |
| Total revenues | -0- | 4,889 | 4,889 |
| EXPENDITURES | | | |
| Administration | 38,647 | 38,647 | -0- |
| General expense | 1,200 | 1,200 | -0- |
| Housing assistance payments | 472,268 | 463,147 | 9,121 |
| Total expenditures | 511,115 | 502,994 | 8,121 |
| Net operating deficit before other income | (298,215) | (304,085) | 5,870 |
| OTHER INCOME | | | |
| Grants | 511,608 | 402,687 | (108,921) |
| Other | -0- | 3,361 | 3,361 |
| Total other income | 511,608 | 406,048 | (105,560) |
| Excess of revenues over expenditures | 2,993 | 13,953 | \$ 10,960 |
| Deficit, beginning of year | (1,187) | (9,897) | |
| Other changes | -0- | (1,654) | |
| Equity, end of year | \$ 1,806 | \$ 4,052 | |

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN EQUITY (DEFICIT)—BUDGET AND ACTUAL, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998
FW-2234

| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|------------------|------------------|--|
| REVENUE | | | |
| Interest on investments | \$ <u>0</u> | \$ 11,619 | \$ 11,619 |
| Total revenue | <u>0</u> | <u>11,619</u> | <u>11,619</u> |
| EXPENDITURES | | | |
| Administration | 32,947 | 32,947 | -0- |
| General expense | 1,200 | 1,200 | -0- |
| Housing assistance payments | <u>624,791</u> | <u>579,793</u> | <u>104,998</u> |
| Total expenditures | <u>658,938</u> | <u>613,940</u> | <u>104,998</u> |
| Net operating deficit before other income | <u>(658,938)</u> | <u>(602,321)</u> | <u>(116,617)</u> |
| OTHER INCOME | | | |
| Grants | 683,451 | 568,044 | (115,407) |
| Other | <u>0</u> | <u>872</u> | <u>872</u> |
| Total other income | <u>683,451</u> | <u>568,916</u> | <u>(114,535)</u> |
| Excess of revenue over expenditures | 24,453 | 26,997 | \$ <u>2,544</u> |
| Equity (deficit), beginning of year | <u>793</u> | <u>411,210</u> | |
| Equity (deficit), end of year | \$ <u>12,686</u> | \$ <u>15,779</u> | |

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN EQUITY—BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 1998
FB-1128

LA 48P1099094

| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|------------|------------|--|
| REVENUE | | | |
| Grants | \$74,204 | \$74,204 | \$ _-0- |
| Total revenue | 74,204 | 74,204 | -0- |
| EXPENDITURES | | | |
| Management improvements | 1,690 | 1,690 | -0- |
| Administration | 200 | 200 | -0- |
| Facilities acquisition, improvements and construction | 69,314 | 69,314 | -0- |
| Total expenditures | 74,204 | 74,204 | -0- |
| Excess (deficiency) of revenue over expenditures | -0- | -0- | \$ _-0- |
| Equity, beginning of year | ____-0- | ____-0- | |
| Equity, end of year | \$ ____-0- | \$ ____-0- | |

See Independent Auditor's Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
CAPITAL PROJECTS FUND
COMBINED STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN EQUITY—BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 1988
PW-1128**

LA 487100-004-85

| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|-----------|-----------|--|
| REVENUE | | | |
| Grants | \$125,334 | \$125,336 | \$ 0 |
| Total revenue | 125,334 | 125,336 | 0 |
| EXPENDITURES | | | |
| Management improvements | 2,836 | 2,836 | 0 |
| Facilities acquisition, improvements and construction | 122,500 | 122,500 | 0 |
| Total expenditures | 125,336 | 125,336 | 0 |
| Excess (deficiency) of revenue over expenditures | 0 | 0 | \$ 0 |
| Equity, beginning of year | 0 | 0 | |
| Equity, end of year | \$ 0 | \$ 0 | |

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
CAPITAL PROJECTS FUND
COMBINED STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN EQUITY—BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 1998
FW-1128

| | <u>LA 485011-505-97</u> | | |
|--|-------------------------|-----------------|---|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE UNFAVORABLE</u> |
| <u>REVENUE</u> | | | |
| Grants | <u>\$25,587</u> | <u>\$25,587</u> | <u>\$ -0-</u> |
| Total revenue | <u>25,587</u> | <u>25,587</u> | <u>-0-</u> |
| <u>EXPENDITURES</u> | | | |
| Management improvements | <u>10,220</u> | <u>10,220</u> | <u>-0-</u> |
| Facilities acquisition, improvements and construction | <u>25,367</u> | <u>25,367</u> | <u>-0-</u> |
| Total expenditures | <u>25,587</u> | <u>25,587</u> | <u>-0-</u> |
| Excess (deficiency) of revenue over expenditures | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| Equity, beginning of year | <u>-0-</u> | <u>-0-</u> | |
| Equity, end of year | <u>\$ -0-</u> | <u>\$ -0-</u> | |

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SEBELL
COMBINED BALANCE SHEET—FUND BASIS

ALL ANNUAL CONTRIBUTION CONTRACTS

MARCH 31, 1998

ASSETS

Cash
 Amounts receivable
 Due from other Annual
 Contribution Contracts
 Deferred charges
 Land, structures and equipment

Total
 (Administrative
 Debt)

| PHA-Owned Program FNS-1128 | Housing Assistance Certificate Program FNS-2115 | Housing Assistance Voucher Program FNS-2214 |
|----------------------------------|---|---|
| \$ 55,969 | \$266,593 | \$289,697 |
| 34,268 | 1,285 | -0- |
| 145,284 | 13,689 | 42,389 |
| 20,235 | 316 | 316 |
| 5,813,112 | 3,123 | 1,685 |
| <u>\$5,969,671</u> | <u>\$285,877</u> | <u>\$344,448</u> |

| | |
|--------------------|--------------------|
| \$ 622,773 | \$ 622,773 |
| 36,151 | 36,151 |
| 201,989 | 201,989 |
| 20,803 | 20,803 |
| <u>1,822,255</u> | <u>1,822,255</u> |
| <u>\$6,322,095</u> | <u>\$6,322,095</u> |

Total assets

See Independent Auditors' Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SHELBY
CONVINCING BALANCE SHEET—HOLD BASEL CONTINUED

ALL NEW! CONSTRUCTION COSTS

| LIABILITIES AND SURPLUS | | | |
|--|-----------|-----|--|
| | \$ | ¢ | |
| Due to other Annual Contribution Contracts | 3 | -0- | |
| Accrued liabilities | 2,911 | | |
| Tenant security deposits | 13,402 | | |
| Amounts payable - (88.0) | -0- | | |
| Fixed liabilities | 3,218,525 | | |
| Total liabilities | 3,218,568 | | |
| Surplus | 2,662,862 | | |
| Total liabilities and surplus | 5,881,430 | | |

See Independent Auditor's Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SLIDELL
COMBINED STATEMENT OF INCOME AND EXPENSES-HELD BASES
ALL ANNUAL CONTRIBUTION CONTRACTS
FOR THE YEAR ENDED MARCH 31, 1998

| | HUDA Dwind Program \$96,1128 | Housing Assistance Certificate Program \$96,2151 | Housing Assistance Voucher Program \$96,2214 | Total (Minimum Costs) |
|---|------------------------------------|--|--|-----------------------------|
| Operating income: Dwelling rental | \$ 127,827 | \$ -0- | \$ -0- | \$ 127,827 |
| Total operating income | <u>127,827</u> | <u>-0-</u> | <u>-0-</u> | <u>127,827</u> |
| Operating expenses: | | | | |
| Administrative | 126,592 | 30,647 | 12,947 | 169,186 |
| Tenants' services | 293 | -0- | -0- | 293 |
| Utilities | 45,179 | -0- | -0- | 45,179 |
| Ordinary maintenance | 82,804 | -0- | -0- | 82,804 |
| Protective services | 615 | -0- | -0- | 615 |
| General expense | 70,993 | 1,208 | 1,200 | 82,333 |
| Housing assistance payments | <u>-0-</u> | <u>282,147</u> | <u>\$18,297</u> | <u>89,544</u> |
| Total operating expense | <u>325,463</u> | <u>293,994</u> | <u>\$31,534</u> | <u>650,991</u> |
| Net operating deficit before other income, charges and credits | <u>(207,636)</u> | <u>(185,994)</u> | <u>(293,947)</u> | <u>(687,577)</u> |

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SUELL
COMBINED STATEMENT OF INCOME AND EXPENSES—FUND BASE, CONTINUED
ALL ANNUAL CONTRIBUTION CONTRACTS

FOR THE YEAR ENDED MARCH 31, 1998

| | | <u>Housing Assistance Certificate Program</u> | <u>Housing Assistance Voucher Program</u> | <u>Total Contribution Dollars</u> |
|---|--------------------|---|---|---|
| Other charges and credits: | | | | |
| Gain on disposition of nonexpendable equipment | \$ (204) | \$ - | \$ - | \$ (204) |
| Prior period adjustment | <u>(62,867)</u> | <u>3,654</u> | <u>-</u> | <u>(59,213)</u> |
| Total other charges and credits | <u>(63,071)</u> | <u>3,654</u> | <u>-</u> | <u>(59,417)</u> |
| Other income: | | | | |
| Interest on general fund investments | 1,457 | 4,899 | 11,418 | 17,774 |
| Other | 2,971 | 5,364 | 872 | 9,107 |
| Grants and subsidies | <u>418,684</u> | <u>492,987</u> | <u>995,088</u> | <u>1,906,759</u> |
| Total other income | <u>423,112</u> | <u>497,342</u> | <u>1,007,378</u> | <u>1,927,832</u> |
| Excess revenues over expenditures | <u>359,875</u> | <u>16,299</u> | <u>56,981</u> | <u>433,155</u> |
| Surplus—Beginning of year | <u>2,127,892</u> | <u>(8,198)</u> | <u>(63,623)</u> | <u>2,056,071</u> |
| Surplus—End of year | <u>\$2,487,767</u> | <u>\$ 8,101</u> | <u>\$ 11,358</u> | <u>\$2,506,926</u> |

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SHELLEL,
COMBINING ANALYSIS OF SUBSIDIARIZED BASISALL ANNUAL CONTRIBUTION CONTRACTS

For the Year Ended March 31, 1998

| | <u>Annual Contribution Contracts</u> | | | <u>Total Miscellaneous Costs</u> |
|---------------------------|--|---|---|--|
| | <u>PHA Owned Program 1996-1998</u> | <u>Housing Assistance Certificate Program 1996-2001</u> | <u>Housing Assistance Voucher Program 1996-2004</u> | |
| <u>Unrecorded Supply</u> | | | | |
| Balance per prior audit | | | | |
| March 31, 1997 | \$0,464,068 | \$0,781,290 | \$7,487,000 | \$884,995,500 |
| Deficit for year ended | | | | |
| March 31, 1998 | (86,661) | (282,388) | (541,000) | (1,010,049) |
| (Provision for) reduction | | | | |
| of operating reserve | | | | |
| for year ended | | | | |
| March 31, 1998 | (184,740) | (482) | (15,675) | (128,907) |
| (Provision for) reduction | | | | |
| of provisions for | | | | |
| year ended March 31, | | | | |
| 1998 | -0- | (118,224) | 272,000 | 113,776 |
| Balance, March 31, 1998 | <u>\$2,867,965</u> | <u>\$6,500,680</u> | <u>\$7,772,324</u> | <u>\$12,863,999</u> |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SHELLE
COMBINED ANALYSIS OF SHELLE-HUD BASED, CONSTRUCTED
ALL-ANNUAL CONTRIBUTIONS CONTRACTS**

For the Year Ended March 31, 1993

| | Annual Contributions Contracts | | | | Total (Miscellaneous Costs) |
|---|------------------------------------|---|---|--|-----------------------------------|
| | FHA, Direct Program FAC-1123 | Housing Assistance Certificate Program FAC-1151 | Housing Assistance Voucher Program FAC-1234 | | |
| Regional Development/Operating Program | | | | | |
| Balance per prior audit: | \$ 151,614 | \$ - | \$ - | | \$ 151,614 |
| March 31, 1997 | | | | | |
| Provision for reduction of spending reserve for the year ended March 31, 1998 | <u>164,346</u> | <u>403</u> | <u>13,473</u> | | <u>178,222</u> |
| Balance, March 31, 1998 | <u>285,960</u> | <u>403</u> | <u>13,473</u> | | <u>300,836</u> |
| Regional Housing/Project Account | | | | | |
| Balance per prior audit: | - | 909,408 | 3,198,413 | | 4,107,821 |
| March 31, 1997 | | | | | |
| Provision for reduction of project account for year ended March 31, 1998 | <u>-</u> | <u>134,234</u> | <u>275,000</u> | | <u>413,234</u> |
| Balance, March 31, 1998 | <u>-</u> | <u>1,043,642</u> | <u>2,923,413</u> | | <u>3,967,055</u> |

See Independent Auditors' Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SHELLE
CONTINUING ANALYSIS OF SURPLUS-HUD BASES, CONTINUED
ALL ANNUAL CONTRIBUTION CONTRACTS

For the Year Ended March 31, 1995

| | Annual Contribution Contracts | | | | Total (Monomander Debit) |
|--|---------------------------------|---|---|---|--------------------------------|
| | FHA Good Program FHA-1119 | Housing Assistance Certificate Program FHA-1181 | Housing Assistance Voucher Program FHA-2114 | | |
| Cumulative HUD Contribution Balance per prior audit: March 31, 1995 | \$ 3,890,698 | \$ 4,035,739 | \$ 4,378,648 | | \$ 12,305,085 |
| Operating activity for year ended March 31, 1995 | 269,347 | - | - | - | 269,347 |
| | - | 487,882 | 588,848 | | 1,076,730 |
| Annual contribution earned for the year ended March 31, 1995 | 4,059,987 | 5,523,621 | 4,967,496 | | 14,551,104 |
| Balance, March 31, 1995 | | | | | |
| Cumulative HUD Development and Modernization Grants Balance per prior audit: March 31, 1997 | 1,093,079 | - | - | - | 1,093,079 |
| Grants earned for the year ended March 31, 1998 | 215,132 | - | - | - | 215,132 |
| Balance, March 31, 1998 | 1,308,211 | - | - | - | 1,308,211 |
| Total surplus | \$4,669,362 | \$ 5,523,621 | \$ 5,174,972 | | \$ 15,367,955 |

See Independent Auditors' Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF SLIDELL

ANALYSIS OF GENERAL FUND CASH BALANCE—HUD BASE
ALL ANNUAL CONTRIBUTION CONTRACTS

For the Year Ended March 31, 1998

| | <u>Annual Contribution Contracts</u> | | | <u>Total (Minor amounts Only)</u> |
|-------------------------------------|---|---|---|---|
| | <u>PHA Shared Program FW-1018</u> | <u>Housing Assistance Certificate Program FW-2750</u> | <u>Housing Assistance Voucher Program FW-2754</u> | |
| Composition before adjustments | | | | |
| Net operating receipts retained: | | | | |
| Operating reserve | \$258,168 | \$ 400 | \$ 15,875 | \$274,443 |
| Security deposit | <u>15,432</u> | <u>0</u> | <u>0</u> | <u>15,432</u> |
| | <u>273,600</u> | <u>400</u> | <u>15,875</u> | <u>289,875</u> |
| Advances: | | | | |
| Other | 0 | 281,797 | 326,978 | 608,775 |
| Accrued liabilities | <u>2,311</u> | <u>0</u> | <u>0</u> | <u>2,311</u> |
| | <u>2,311</u> | <u>281,797</u> | <u>326,978</u> | <u>611,086</u> |
| Less income not received: | | | | |
| Amounts receivable | <u>188,352</u> | <u>14,880</u> | <u>42,569</u> | <u>245,799</u> |
| | <u>188,352</u> | <u>14,880</u> | <u>42,569</u> | <u>245,799</u> |
| Deferred charges | (28,213) | (316) | (16) | (28,545) |
| Other | <u>(11,595)</u> | <u>0</u> | <u>0</u> | <u>(11,595)</u> |
| General fund cash | <u>\$ 55,440</u> | <u>\$266,991</u> | <u>\$299,812</u> | <u>\$622,243</u> |

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SHELLE
COMPUTATION OF RESIDUAL RECEIPTS—HUD BASIS
PHA-OWNED PROGRAM

ANNUAL CONTRIBUTION CONTRACT PW-1128

For the Year Ended March 31, 1968

Computation of Residual Receipts

Operating receipts

| | |
|--|----------------|
| Operating income | \$137,877 |
| Other income | 4,889 |
| Contribution earned—operating activity | <u>201,362</u> |
| Total operating receipts | <u>344,128</u> |

Operating and capital expenditures

| | |
|--|-----------------|
| Operating expenses | 325,453 |
| Replacement of non-expendable equipment, net | 15,631 |
| Prior period adjustment | <u>(50,867)</u> |

Total operating and capital expenditures 380,241

Residual receipts from operation \$ 63,886

Residual receipts per audit \$394,746

Less audit adjustments affecting residual receipts 31,862

Residual receipts before provision

for reserves per PHA 10,779

Provision for operating reserve per PHA (18,779)

Residual receipts per PHA \$ 45,338

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
 COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND
 PROJECT ACCOUNT-OPERATING RESERVE CHANGES-HUD BASIS
 HOUSING ASSISTANCE CERTIFICATE PROGRAM
ANNUAL CONTRIBUTION CONTRACT PW-2159

For the Year Ended March 31, 1998

Maximum Contribution Available

| | |
|---|--------------------|
| Maximum annual contribution | \$ 389,049 |
| Project account balance at beginning of fiscal year | <u>1,278,819</u> |
| Total annual contribution available | <u>\$1,667,867</u> |

Annual Contribution Required

| | |
|---|------------------|
| Administration fee | \$ 39,104 |
| Floating assistance payments | 347,147 |
| Project receipts other than annual contribution | (4,899) |
| Fund to house fees | 45 |
| Audit fees | <u>1,200</u> |
| Total annual contribution required | <u>\$482,587</u> |

Project Account Change

| | |
|-------------------------------|-------------------|
| Provision for project account | <u>\$ 158,214</u> |
|-------------------------------|-------------------|

Annual Contribution Earned--Amount of

| | |
|---|------------------|
| contribution available or contribution required | <u>\$482,587</u> |
|---|------------------|

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND
PROJECT ACCOUNT--OPERATING RESERVE CHANGES--HUD BASES, CONTINUED

HOUSING ASSISTANCE CERTIFICATE PROGRAM

ANNUAL CONTRIBUTION CONTRACT FHE-218

For the Year Ended March 31, 1988

Operating Reserve Changes

| | |
|---|-----------------|
| <u>Operating receipts</u> | |
| Other income | \$ 10,208 |
| Annual contribution earned | <u>482,587</u> |
| Total operating receipts | <u>492,795</u> |
| <u>Operating expenditures</u> | |
| Operating expenses | 388,904 |
| Price period adjustment affecting residual receipts | <u>3,654</u> |
| Total operating expenditures | <u>482,548</u> |
| Net operating receipts available | 10,208 |
| Deficit beginning of year | <u>(2,687)</u> |
| Surplus end of year | \$ <u>7,521</u> |
| Provision for operating reserve | <u>\$ (482)</u> |

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND
PROJECT ACCOUNT-OPERATING RESERVE CHANGES-HUD BASIS

HOUSING ASSISTANCE VOUCHER PROGRAM

ANNUAL CONTRIBUTION CONTRACT PROGRAM

For the Year Ended March 31, 1998

Maximum Contribution Available

| | |
|---|-------------|
| Maximum annual contribution | \$ 747,606 |
| Project account balance at beginning of fiscal year | 2,626,986 |
| Total annual contribution available | \$3,374,592 |

Annual Contribution Required

| | |
|---|--------------|
| Administrative fee | 38,908 |
| Housing assistance payments | 519,597 |
| Hard to house fees | 133 |
| Project receipts other than annual contribution | (11,283) |
| Audit fees | <u>1,208</u> |
| Total annual contribution required | \$ 568,644 |

Project Account Change

| | |
|-------------------------------|------------|
| Provision for project account | \$ 232,812 |
|-------------------------------|------------|

Annual Contribution Earned—Amount of
contribution available or contribution required\$ 568,644

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

COMPUTATION OF ANNUAL CONTRIBUTION EARNED AND
PROJECT ACCOUNT--OPERATING RESERVE CHANGES--HUD-BASIS, CONTINUED

HOUSING ASSISTANCE VOUCHER PROGRAM

ANNUAL CONTRIBUTION CONTRACT PW-2254

For the Year Ended March 31, 1998

Operating Reserve ChangeOperating receipts

Other income \$ 12,491

Annual contribution earned 368,044Total operating receipts 380,535Operating expendituresOperating expenses 353,544Total operating expenditures 353,544

Net operating receipts available 26,991

Deficit beginning of year (21,316)Excess end of year \$ 25,675

Provision for operating reserve \$(25,675)

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

RECONCILIATION OF MODERNIZATION FUNDS ADVANCED
WITH COSTS--INCOMPLETEANNUAL CONTRIBUTION (CONTRACT FW-1128)

For the Year Ended March 31, 1998

LA 048187905

| | |
|--|-------------------|
| Funds approved | \$ 440,800 |
| Funds expended | (35,587) |
| Excess of funds approved | \$ <u>405,213</u> |
| Funds advanced: | |
| Grant funding | \$ <u>35,582</u> |
| Total funds advanced | 35,582 |
| Funds expended | (35,587) |
| Excess (deficiency) of funds available | \$ <u>-5</u> |

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

RECONCILIATION OF MODERNIZATION FUNDS ADVANCED
WITH COSTS--INCOMPLETEANNUAL CONTRIBUTION CONTRACT FW-1128

For the Year Ended March 31, 1998

| | <u>LA-048180903</u> | <u>LA-048180904</u> | <u>Total</u> |
|---|---------------------|---------------------|-------------------|
| Funds approved | \$ 379,960 | \$ 165,000 | \$ 544,960 |
| Funds expended | <u>(379,960)</u> | <u>(165,000)</u> | <u>(544,960)</u> |
| Excess (deficiency) of funds approved | \$ <u>_____0-</u> | \$ <u>_____0-</u> | \$ <u>_____0-</u> |
| Funds advanced: | | | |
| Grant standing | \$ <u>379,960</u> | \$ <u>165,000</u> | \$ <u>544,960</u> |
| Total funds advanced | 379,960 | 165,000 | 544,960 |
| Funds expended | <u>(379,960)</u> | <u>(165,000)</u> | <u>(544,960)</u> |
| Excess (deficiency) of funds available | \$ <u>_____0-</u> | \$ <u>_____0-</u> | \$ <u>_____0-</u> |

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IX

HOUSING AUTHORITY OF THE CITY OF SUDRELL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED MARCH 31, 1995

| Federal Charge | CFDA Number | Grantee Number | Grant Revenue | Expenditures and Authorized Expenditures |
|---|-------------|----------------|---------------|--|
| Program Funded by the U.S. Department of Housing and Urban Development (HUD): | | | | |
| Subject to Annual Certification Contracts | | | | |
| 1994's Downside Housing Program | 14.850 | PW-0128 | \$ 300,387 | \$ 338,430 |
| Housing Housing Assistance Program | 14.857 | PW-2191 | 400,687 | 298,994 |
| Wrecker Program | 14.855 | PW-2294 | 600,046 | 550,546 |
| Modernization and Development Program | 14.852 | PW-0128 | 235,127 | 128,127 |
| Total annual contribution | | | \$1,409,225 | \$1,421,125 |
| costs | | | | |

Total expenditures of federal awards

*Denotes major program as defined by OMB Circular A-103.

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Authority and is presented on a modified accrual basis of accounting. This information on this schedule is prepared in accordance with other requirements of OMB Circular A-103, "Audit of States, Local Governments, and Non-profit organizations."

See Independent Auditors' Report on Supplementary Information

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

Board of Commissioners
Housing Authority of the City of Midell
New Orleans, LA

We have audited the general purpose financial statements of the Housing Authority of the City of Midell (the Authority) as of and for the year ended March 31, 1998, and have issued our report thereon dated September 4, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs Section III as items 98-4 through 98-11.

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

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs Section II as items 98-1 through 98-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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

(CONTINUED)

This report is intended for the information of the Authority's management and its regulatory agencies. However, this report is a matter of public record and its distribution is not limited.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 4, 1998

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Stidell
New Orleans, LA

Compliance

We have audited the compliance of the Housing Authority of the City of Stidell (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and HUD Notice 96-32, *Compliance Supplement for Annual Audits of Public Housing Agencies and Indian Housing Authorities by Independent Auditors* that are applicable to each of its major federal programs for the year ended March 31, 1998. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Standards of States, Local Governments, and Non-Profit Organizations*, and HUD Notice 96-32, *Compliance Supplement for Annual Audits of Public Housing Agencies and Indian Housing Authorities by Independent Auditors*. Those standards, OMB Circular A-133 and the HUD Notice 96-32 require that we plan and perform the audit to obtain reasonable assurance

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH GMB CIRCULAR A-133
(CONTINUED)

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 these requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with these requirements.

As described in items 98-d through 98-11 in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with requirements regarding Section 15-Bonds of Accounts, Records and Government access of the Consolidated Annual Contribution Contracts that are applicable to FW-1128, FW-2391 and FW-2324. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 1998.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GMB Circular A-133.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Authority's ability to administer a major Federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 98-1 through 98-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Authority's management and its regulatory agencies. However, this report is matter of public record and its distribution is not limited.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

September 4, 1998

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 1998**

Section I - Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? **no**
- Reportable condition(s) identified that are not considered to be material weaknesses? **yes**

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

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? **no**
- Reportable condition(s) identified that are not considered to be material weaknesses? **yes**

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **yes**

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section I - Summary of Auditors' Results

Identified of major programs:

| <u>CIDA NUMBER</u> | <u>NAME OF FEDERAL PROGRAM OR CLUSTER</u> |
|--------------------|---|
| 14.836 | PHA Owned Housing Program |
| 14.837 | Existing Housing Assistance Program |
| 14.838 | Voucher Program |
| 14.832 | Modernization and Development Program |

*Dollar threshold used to distinguish
between type A and type B programs:*

\$100,000

Auditor qualified as low-risk auditor?

no

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 1998**

Section II - Financial Statement Findings

Reference Number

98-1

Federal Programs

U.S. Department of Housing and Urban Development (HUD) Annual Contribution Contract FW-1128.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts.

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

Condition

Subsidiary ledgers for tenants accounts receivable and tenant security deposits are not maintained and/or reconciled to the applicable general ledger control accounts.

Questioned Costs

NONE.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section II - Financial Statement Findings

Reference Number: CONTINUED

98-1

Context

No reconciliations noted for the tenant accounts receivable and security deposit accounts for the fiscal year.

Effect

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

Cause

Lack of a procedure to ensure the reconciliation of all significant general ledger accounts. The Authority previously used the services of a fee accountant until December 1997.

Recommendation

We recommend that a tenant accounts receivable aged trial balance and a tenant security deposit ledger be generated on a monthly basis and that the tenants receivable balances and security deposit balances as reflected on those subsidiary reports be reconciled to the appropriate general ledger control accounts on a monthly basis.

Management's Response

The Authority has completed its financial system conversion as of March 31, 1998. To that extent, we expect the above procedure to be incorporated as part of our monthly processes.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL,
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section II - Financial Statement Findings

Reference Number

98-2

Federal Programs

HUD Annual Contribution Contracts FW-1128, FW-2158 and FW-2234.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contract:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

Condition

Bank reconciliations for the months of January through March 31, 1998 were not prepared on a timely basis. In addition, we noted an out-of-balance condition of approximately \$3,200 between the general ledger balance of \$55,853 to the reconciled amount of \$52,650 for the annual contribution contract FW-1128 operating bank account at March 31, 1998.

Questioned Costs

NONE.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section II - Financial Statement Findings

Reference Number, CONTINUED

08-2

Context

Not applicable.

Effect

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

Cause

General ledger conversion undertaken during the fiscal year ended March 31, 1998.

Recommendation

We recommend that management establish a system to ensure that designated staff perform the bank account reconciliation on a timely basis. The establishment of a responsibility matrix system of all required monthly processes should provide management with a timely status of open items.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section II - Financial Statement Findings

Reference Number, CONTINUED

98-2

Management's Response

Currently, all bank account reconciliations are being performed on a monthly basis. The Executive Director or a designee will review all bank account reconciliations on a monthly basis and initial to evidence such approval.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL,
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section II - Financial Statement Findings

Reference Number

98-3

Federal Programs

HUD Annual Contribution Contracts FW-2191 and FW-2224.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects for the HA".

Condition

Currently, there is no system in place to ensure the proper and timely accounting for all portability payments made on behalf of other PHA's and related fees earned by the Authority.

Context

All portability program activities managed by the Authority.

Effect

Unrecorded administrative fees earned and reimbursement of housing assistance payments due from other PHA's.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section II - Financial Statement Findings

Reference Number, CONTINUED

98-3

Issue

Lack of an established system to ensure the complete accounting for all portability transactions.

Recommendation

The Authority should establish controls to ensure the periodic and timely accounting for all portability transactions.

Management's Response

The Authority is currently in the process of finalizing procedures to address the above condition. Management anticipates resolution by no later than November 30, 1998.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number:

98 - 4

Federal Programs

All HUD Annual Contribution Contracts (FW-1128; FW-2191 and FW-2234).

Criteria

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

Condition

Our review of fifteen (15) tenant files, revealed no current approved lease addendums for eight (8) files for the audit period.

Questioned Costs

\$24,270

**HOUSING AUTHORITY OF THE CITY OF SLIDELL,
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - 4

Control

Eight (8) out of fifteen (15).

Effect

Expenditures incurred are not in accordance with applicable HUD program requirements (i.e. supported by a current approved lease addendum).

Cause

Lack of a system in place to assure the timely update or on-going review or maintenance of tenant file documentation.

Recommendation

The Authority's procedures call for a review of files upon re-inspection and subsequent update of any necessary information at that point. However, we recommend that the Authority review tenant files on an ongoing basis to assure compliance with applicable laws and regulations. We further recommend the establishment of adequate procedures to ensure that all HAP payments are made in accordance with the respective leases or lease addendums as applicable.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - d

Management's Response

Subsequent to year-end the review process has been completed and all files currently have approved lease addendums as applicable.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number

88 - 5

Federal Programs

All HUD Annual Contribution Contracts (FW-1128, FW-2191 and FW-2230).

Criteria

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

Conditions

Our review of fifteen (15) tenant files revealed the following conditions:

- We noted in an instance no documentation on the re-inspection of a failed inspection; and
- The timely inspection of a unit.

Questioned Costs

NONE

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - 5

Context

Not applicable.

Effect

Noncompliance with the requirements of the Annual Contribution Contracts.

Cause

Lack of compliance with established procedures.

Recommendation

We recommend that management of the Authority establish and implement the necessary monitoring system to ensure that procedures regarding re-inspections are properly documented in each tenant's file.

In addition, the system should be geared toward the timely identification of deviations from established procedures.

Management's Response

The Authority is currently reviewing its existing procedures regarding unit inspection. This process and any recommended changes will be implemented by no later than November 30, 1998.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1988**

Section III - Federal Award Findings and Questioned Costs

Reference Number

98 - 6

Federal Programs

HUD Annual Contribution Contract FW-2294.

Criteria

Pursuant to the Annual Contribution Contract:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

Condition

Our review of 315 tenant files revealed an instance where a tenant repayment agreement executed on June 1, 1980 had only three (3) subsequent payments since the execution of the agreement. We further noted no system in place to prevent re-admittance of the tenant to the program.

Questioned Costs

\$3,584

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number: CONTINUED

98 - 6

Control

Not applicable.

Effect

Noncompliance with the requirements of the Annual Contribution Contract.

Cause

Lack of a follow-up system.

Recommendation

We recommend that management enhance or revise the current procedures to ensure that all outstanding balances are collected in a timely manner or the necessary legal action undertaken.

Management's Response

A request for payment was initiated in June 1998. The Authority is in the process of re-evaluating the current follow-up system to ensure its adequacy. This process should be completed by November 15, 1998.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number:

98 - 7

Federal Program:

HUD Annual Contribution Contract F90-3191.

Criteria:

Pursuant to the Annual Contribution Contract:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1957 and all HUD requirements".

Condition:

Our review of fifteen (15) tenant files revealed two (2) instances where tenant lease agreements had not been signed by the owner.

Questioned Costs:

NONE

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number: CONTINUED

98 - 7

Context

Not applicable.

Effect

Noncompliance with the requirements of the Annual Contribution Contract.

Cause

Lack of adequate follow-up/ review of tenant file documentation.

Recommendation

We recommend that management of the Authority establish and implement the necessary procedures to ensure that tenant files contain all required executed documentation.

Management's Response

A review of all tenant files were initiated and the process is on-going. We anticipated completion by no later than January 31, 1999.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number

98 - 8

Federal Program

HUD Annual Contribution Contract PW-1128.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contract.

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audit."

Condition

A tenant security deposits ledger was not maintained to support the general ledger control balance of tenant security deposits at March 31, 1998.

Questioned Costs

NDNL

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number: CONTINUED

98 - 8

Context:

Not applicable.

Effect:

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contract.

Cause:

Lack of established procedures to ensure the timely reconciliation of all significant general ledger accounts.

Recommendation:

We recommend that a tenant security deposit ledger be generated on a monthly basis and that the security deposit balances, as reflected on the subsidiary report, be reconciled to the appropriate general ledger control account on a monthly basis.

Management's Response:

The Authority has completed its financial system conversion as of March 31, 1998. To that extent, we expect the above procedure to be incorporated as part of our monthly processes.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number

98 - 9

Federal Programs

All HUD programs FW-1128, FW-2180 and FW-2204.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts.

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

Condition

Subsidiary ledgers are not maintained and/or reconciled to the applicable general ledger control accounts for significant general ledger accounts.

Questioned Costs

NONE.

**HOUSING AUTHORITY OF THE CITY OF SLIDEBEL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - 9

Context

Effect

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

Cause

Lack of established procedures to ensure the timely reconciliation of all significant general ledger accounts.

Recommendation

We recommend that management establish subsidiary ledgers for all significant general ledger accounts and perform monthly reconciliations of the balances in these accounts as reflected on the subsidiary ledgers to the applicable general ledger control account. The reconciliation process should include identification of the composition of the accounts.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - 9

Management's Response

The Authority has completed its financial system conversion as of March 31, 1998. To that extent, we expect the previously discussed procedure to be incorporated as part of our monthly processes.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number:

98 - 10

Federal Program:

All HUD Annual Contribution Contracts FW-1128, FW-2191 and FW-2234.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contributions Contracts:

"The HA must maintain complete and accurate books of account for the projects for the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audit".

Condition

Bank reconciliations for the months of January through March 1998 were not prepared in a timely manner. In addition, we noted an immaterial out-of-balance condition on the operating bank account reconciliation in the amount of \$3,280.

Questioned Costs

NONE.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number: CONTINUED

98-10

Content

Not applicable.

Effect

Noncompliance with the requirements of Section 13 of the Consolidated Annual Contribution Contracts.

Cause

Lack of adequate controls over bank reconciliation functions.

Recommendation

We recommend that management of the Authority evaluate the current controls over bank reconciliation functions to ensure that all bank reconciliations are prepared properly and on a timely basis.

Management's Response

Currently, all bank account reconciliations are being performed on a monthly basis. The Executive Director or a designee will review all bank account reconciliations on a monthly basis and initial to evidence such approval.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Reference Number

98-11

Federal Programs

All HUD Contribution Contracts FW-1128, FW-2191 and FW-2234.

Criteria

Pursuant to Section 13 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects for the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audit".

Condition

The financial reports as of and for the year ended March 31, 1998 prepared and submitted to the United States Department of Housing and Urban Development (HUD) for FW-1128, FW-2191 and FW-2234 contained typographic and clerical errors.

Questioned Costs

NONE

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Holderset Number, CONTINUED

98-11

Clashes

All HUD year-end reports submitted.

Effect

Noncompliance with the requirements of Section 13 of the Consolidated Annual Contribution Contracts.

Cause

Inadequate review performed of completed financial statements.

Recommendation

We recommend that all HUD financial statements be reviewed for propriety and that the HUD reports when completed be reconciled to the general ledger. Additionally, we recommend that the reports be reviewed by a designated person at a supervisory level independent of the report preparation process to ensure propriety and clerical accuracy.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998**

Section III - Federal Award Findings and Questioned Costs

Release Number, CONTINUED

98-11

Management's Response

Revised reports will be submitted to HUD by no later than November 30, 1998.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

| PRIOR FINDING NUMBER | DESCRIPTION | RESOLVED | UNRESOLVED |
|-------------------------------------|--|-----------------|-------------------|
| 97-1 | Accounting for Voided Checks | | X* |
| 97-2 | Out of Sequence Disbursements | | X* |
| 97-3 | Formalized Accounting and Procedure Manual | | X* |
| 97-4 | Year 2000 | X | |
| 97-5 | No documentation regarding unit inspection | | X* |
| 97-6 | Rent Reasonableness Test | X | |
| 97-7 | Verification of Income | X | |
| 97-8 | Authority behind in its leasing Schedule | | X* |
| 97-9 | Owner contract | | X* |
| 97-10 | Uniformly filing of HUD Form 50058 | X | |
| 97-11 | Utility Allowance Worksheet | X | |
| 97-12 | Gross Rent in excess of the Market Rent | X | |
| 97-13 | No on-going Drug Awareness Program | X | |
| 97-14 | "CIAI" Report | X | |

*Repeated during current year

HOUSING AUTHORITY OF THE CITY OF SLIDELA

EXIT CONFERENCE

March 21, 1979

An exit conference was held with a representative of the Authority. The contents of this report were discussed and management is in agreement. Those persons in attendance were as follows:

HOUSING AUTHORITY OF THE CITY OF SLIDELL

Mrs. Martha J. Dwyer = Executive Director

DHUNO & TIEVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alexis J. Terragan, Jr., CPA - Partner

Mr. Paul K. Andols, Sr., CPA - Senior Manager

HOUSING AUTHORITY OF THE CITY OF SLIDELL
P.O. Box 1592 Slidell, LA 70459 Ph. 504-736-3000 Fax 504-736-3006
EMAIL ADDRESS: HOUSING@SLIDELL.LA.GOV CITY ADDRESS: 154 JING JIA DRIVE

Board of Commissioners
Chairperson
Kathleen Lawson

Vice Chairperson
William White

Lee P. Raham
De. Norman L. Simpson
Milton D. Hagan

Executive Director
Shelia L. Danzey, BSW

**STATUS OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDING 1997**

Listed below are the March 31, 1997 audit findings and related status.

Reference Number

97-1

Recommendation

Continued review of the fee accountant's work for completeness and accuracy by management.

Such a review should be evidence via an initialing.

Management's Response

The Authority is currently processing its financial statements in-house effective 1998.

Contact Person

Shelia Danzey

STATUS OF PRIOR AUDIT FINDINGS, CONTINUED
FISCAL YEAR ENDING 1997

Reference Number

97-2

Recommendation

We recommend that all checks be sequentially used. Such a practice will help minimize, if not eliminate, the possibility of misappropriation of funds resulting from checks being unaccounted for and/or used out of sequence. Furthermore, all circumstances resulting in the unsequence use of checks should be properly documented.

Management's Response

The Authority has converted its check disbursement system to the "ACH" system. As such minimal checks will be issued, thus eliminating the referenced condition.

Contact Person

Shelia Dunney

Reference Number

97-3

Recommendation

We recommend that management develop and implement a formalized accounting and procedures manual.

STATUS OF PRIOR AUDIT FINDINGS, CONTINUED
FISCAL YEAR ENDING 1997

Reference Number, CONTINUED

97-3

Management's Response

The conversion of the financial system is complete as of March 31, 1998 and management anticipates preparation of a manual by no later than January 31, 1999.

Contact Person

Shelia Darcey

Reference Number

97-4

Recommendation

We recommend that management insure that the Authority's systems are year 2000 compliant.

Status

Resolved.

STATUS OF PRIOR AUDIT FINDINGS, CONTINUED
FISCAL YEAR ENDING 1997

Reference Number

97-5

Recommend

We recommend that the Authority review its current procedures with an aim toward ensuring the timely inspection and documentation of unit inspections accordingly.

Management Response

Management is currently evaluating the current procedures and expects resolution by November 30, 1998.

Contact Person

Shelia Dansey

Reference Number

97-6

Recommendation

We recommend that rent reasonableness determination be ascertained and documented in each tenant file.

STATUS OF PRIOR AUDIT FINDINGS, CONTINUED
FISCAL YEAR ENDING 1997

Reference Number CONTINUED

97-6

Status

Resolved

Reference Number

97-7

Recommendation

We recommend that all tenant income be independently verified.

Status

Resolved

Reference Number

97-8

Recommendation

We recommend that the Authority continue in its outreach program to attract more property owners and tenants into the Section 8 programs.

STATUS OF PRIOR AUDIT FINDINGS, CONTINUED
FISCAL YEAR ENDING 1997

Reference Number: CONTINUED

97-8

Management's Response:

Management continues in its efforts to encourage participation in its Section 8 programs by landlords . The limited housing stock continues to pose a challenge.

Reference Number:

97-9

Recommendation:

We recommend that a current contract with all landlords participating in the Section 8 programs be maintained in the respective file.

Management's Response:

Management has initiated a review of all files to ensure such. The process should be completed by no later than November 30, 1998.

Contact Person:

Shelia Danzey

STATUS OF PRIOR AUDIT FINDINGS, CONTINUED
FISCAL YEAR ENDING 1997

Reference Number

93-10

Recommendation

We recommend the institution of the necessary procedures to ensure the timely filing of the Family Report HUD Form 50058.

Status

Resolved.

Reference Number

93-11

Recommendation

We recommend that all utility allowances afforded to tenants, should be documented in the respective files via the use of a utility worksheet or similar document.

Status

Resolved.

STATUS OF PRIOR AUDIT FINDINGS, CONTINUED
FISCAL YEAR ENDING 1997

Reference Number

93-12

Recommendation

The Authority should comply with the specific requirements of 24 CFR Part 812, 813, 882, and 887 relating to payments in excess of fair market rent.

Status

Resolved.

Reference Number

93-13

Recommendation

We recommend that the Authority insure compliance with the specific requirements of the Drug-free Workplace Act.

Status

Resolved.

STATUS OF PRIOR AUDIT FINDINGS, CONTINUED
FISCAL YEAR ENDING 1997

Reference Number

97-14

Recommendation

We recommend that staff charged with responsibility for the preparation of the CLAP report, attach to the report to the respective documents as part of the report preparation process to ensure agreement.

Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
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E-MAIL ADDRESS: info@hqsllidell.louisiana.gov *FOR TTY ACCESS, SEE PAGE 12-600

Board of Commissioners
Chairperson
Kathleen E. Lewis

Vice Chairpersons
William White

Lee F. Nelson
Dr. Dennis L. Simpson
Milton S. Kirklin

Executive Director
Mark A. Emery, III, CPA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 1998**

Section II - Financial Statement Findings

Reference Number

06.1

Federal Programs

U.S. Department of Housing and Urban Development (HUD) Annual
Contribution Contracts FW-1128.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts.

"The HA must maintain complete and accurate books of
account for the projects of the HA in such a manner as to permit
the preparation of statements and reports in accordance with
HUD requirements and to permit timely and effective audits".

Condition

*Sundry funds for tenant accounts receivable and tenant security deposits
are not maintained and/or reconciled to the applicable general ledger control
accounts.*

Questioned Costs

NONE.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section II - Financial Statement Findings

Reference Number, CONTINUED

98-1

Context

No reconciliations noted for the tenant accounts receivable and security deposit accounts for the fiscal year.

Effect

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

Cause

Lack of a procedure to ensure the reconciliation of all significant general ledger accounts. The Authority previously used the services of a fee accountant until December 1997.

Recommendation

We recommend that a tenant accounts receivable aged trial balance and a tenant security deposit ledger be generated on a monthly basis and that the tenant receivable balances and security deposit balances as reflected on these subsidiary reports be reconciled to the appropriate general ledger control accounts on a monthly basis.

Management's Response

The Authority has completed its financial system conversion as of March 31, 1998. To that extent, we expect the above procedure to be incorporated as part of our monthly processes.

Contact Person

Shelia Dunne, Executive Director

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Financial Statement Findings

Reference Number

78-2

Federal Programs

HUD Annual Contribution Contracts FW-1128, FW-2160 and FW-2254.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contract:

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audit".

Condition

Bank reconciliations for the months of January through March 31, 1998 were not prepared on a timely basis. In addition, we noted an out-of-balance condition of approximately \$3,200 between the general ledger balance of \$55,853 to the reconciled amount of \$52,689 for the annual contribution contract FW-1128 operating bank account at March 31, 1998.

Questioned Costs

NONE.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section II - Financial Statement Finding

Reference Number: CONTINUED

98-2

Control:

Not applicable.

Effect:

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

Cause:

General ledger conversion undertaken during the fiscal year ended March 31, 1998.

Recommendation:

We recommend that management establish a system to ensure that designated staff perform the bank account reconciliation on a timely basis. The establishment of a responsibility matrix system of all required monthly processes should provide management with a timely status of open items.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section II - Financial Statement Findings

Reference Number: CONTINUED

98-2

Management's Response:

Currently, all bank account reconciliations are being performed on a monthly basis. The Executive Director or a designee will review all bank account reconciliations on a monthly basis and initial to evidence such approval.

Contact Person

Shelia Dumas, Executive Director.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Financial Statement Findings

Reference Number

98-3

Federal Programs

HUD Annual Contribution Contracts FW-2391 and FW-2234.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects for the HA".

Condition

Currently, there is no system in place to ensure the proper and timely accounting for all portability payments made on behalf of other PHA's and related fees earned by the Authority.

Context

All portability program activities managed by the Authority.

Effect

Unrecorded administrative fees earned and reimbursement of housing assistance payments due from other PHA's.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section II - Financial Statement Findings

Reference Number, CONTINUED

98-3

Cause

Lack of an established system to ensure the complete accounting for all portability transactions.

Recommendation

The Authority should establish controls to ensure the periodic and timely accounting for all portability transactions.

Management's Response

The Authority is currently in the process of finalizing procedures to address the above condition. Management anticipates resolution by no later than November 30, 1998.

Contact Person

Shelia Danzey, Executive Director.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number

98 - 4

Federal Programs

All HUD Annual Contribution Contracts (FW-1128, FW-2191 and FW-2234).

Criteria

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

Condition

Our review of fifteen (15) tenant files, revealed no current approved lease addendum for eight (8) files for the audit period.

Questioned Costs

\$24,270

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number: CONTINUED

98 - 4

Content

Eight (8) out of fifteen (15).

Effect

Expenditures incurred are not in accordance with applicable HUD program requirements (i.e., supported by a current approved lease addendum).

Cause

Lack of a system in place to ensure the timely update or on-going review or maintenance of tenant file documentation.

Recommendation

The Authority's procedures call for a review of files upon re-inspection and subsequent update of any necessary information at that point. However, we recommend that the Authority review tenant files on an ongoing basis to ensure compliance with applicable laws and regulations. We further recommend the establishment of adequate procedures to ensure that all HAP payments are made in accordance with the respective leases or lease addenda as applicable.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - 4

Management's Response

Subsequent to year-end the review process has been completed and all files currently have approved issue resolutions as applicable.

Contact Person

Shelia Dorsey, Executive Director.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number

98 - 5

Federal Program

All HUD Annual Contribution Contracts (FW-1128, FW-2191 and FW-2234).

Criteria

Pursuant to the Annual Contribution Contracts:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

Condition

Our review of fifteen (15) tenant files revealed the following conditions:

- We noted in an instance no documentation on the re-inspection of a failed inspection; and
- The untimely inspection of a unit.

Questioned Costs

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - 5

Context

Not applicable.

Effect

Noncompliance with the requirements of the Annual Contribution Contracts.

Cause

Lack of compliance with established procedures.

Recommendation

We recommended that management of the Authority establish and implement the necessary monitoring system to ensure that procedures regarding re-inspections are properly documented in each tenant's file.

In addition, the system should be geared toward the timely identification of deviation from established procedures.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - 5

Management's Response

The Authority is currently reviewing its existing procedures regarding unit inspection. This process and any recommended changes will be implemented by no later than November 30, 1998.

Contact Person

Shelia Danzey, Executive Director

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number

98 - 6

Federal Programs

HUD Annual Contribution Contract FW-2234.

Criteria

Pursuant to the Annual Contribution Contract:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

Condition

Our review of fifteen (15) tenant files revealed an instance where a tenant repayment agreement executed on June 1, 1990 had only three (3) subsequent payments since the execution of the agreement. We further noted no system in place to prevent re-admittance of the tenant to the program.

Questioned Costs

\$3,334

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

58 - 6

Context

Not applicable.

Effect

Noncompliance with the requirements of the Annual Contribution Contract.

Cause

Lack of a follow-up system.

Recommendation

We recommend that management enhance or revise the current procedures to ensure that all outstanding balances are collected in a timely manner or the necessary legal action undertaken.

Management's Response

A request for payment was initiated in June 1998. The Authority is in the process of re-evaluating the current follow-up system to ensure its adequacy. This process should be completed by November 15, 1998.

Contact Person

Shelia Danzey, Executive Director.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1968

Section III - Federal Award Findings and Questioned Costs

Reference Number

58 - 7

Federal Programs

HUD Annual Contributions Contract (F05-219).

Criteria

Pursuant to the Annual Contribution Contract:

"The HA must use program receipts to provide decent, safe and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements".

Condition

Our review of 51603 (13) tenant files revealed two (2) instances where tenant lease agreements had not been signed by the owner.

Questioned Costs

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number: CONTINUED

28 - 7

Control:

Not applicable.

Effect:

Noncompliance with the requirements of the Annual Contribution Contract.

Cause:

Lack of adequate follow-up/ review of tenant file documentation.

Recommendation:

We recommend that management of the Authority establish and implement the necessary procedures to ensure that tenant files contain all required executed documentation.

Management's Response:

A review of all tenant files were initiated and the process is on-going. We anticipated completion by no later than January 31, 1999.

Contact Person:

Shelia Danvers, Executive Director.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number

28 - E

Federal Program

HUD Annual Contribution Contract PW-1128.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contract.

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audit".

Condition

A tenant security deposits ledger was not maintained to support the general ledger control balance of tenant security deposits at March 31, 1998.

Questioned Costs

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number: CONTINUED

98 - 8

Context

Not applicable.

Effect

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contract.

Cause

Lack of established procedures to ensure the timely reconciliation of all significant general ledger accounts.

Recommendation

We recommend that a tenant security deposit ledger be generated on a monthly basis and that the security deposit balances as reflected on the subsidiary report be reconciled to the appropriate general ledger control account on a monthly basis.

Management's Response

The Authority has completed its financial system conversion as of March 31, 1998. To that extent, we expect the above procedure to be incorporated as part of our monthly processes.

Contact Person

Shelia Danzey, Executive Director.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number

98 - 9

Federal Programs

All HUD programs FW-1128, FW-2191 and FW-2234.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts.

"The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements and to permit timely and effective audits".

Condition

Subsidiary ledgers are not maintained and/or reconciled to the applicable general ledger control accounts for significant general ledger accounts.

Questioned Costs

NONE.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - 9

Control

Effect

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

Cause

Lack of established procedures to ensure the timely reconciliation of all significant general ledger accounts.

Recommendation

We recommend that management establish subsidiary ledgers for all significant general ledger accounts and perform monthly reconciliations of the balances in these accounts as reflected on the subsidiary ledgers to the applicable general ledger control account. The reconciliation process should include identification of the composition of the accounts.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98 - 9

Management's Response

The Authority has completed its financial system conversion as of March 31, 1998. To that extent, we expect the previously discussed procedure to be incorporated as part of our monthly processes.

Contact Person

Shelia Danney, Executive Director

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number

98 - 10

Federal Programs

All HUD Annual Contribution Contracts FW-1128, FW-2191 and FW-2234.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contributions Contracts:

"The HA must maintain complete and accurate books of account for the projects for the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audit."

Condition

Bank reconciliations for the months of January through March 1998 were not prepared in a timely manner. In addition, we noted an immaterial out-of-balance condition on the operating bank account reconciliations in the amount of \$3,200.

Questioned Costs

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98-10

Control

Not applicable.

Effect

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

Cause

Lack of adequate controls over bank reconciliation functions.

Recommendation

We recommend that management of the Authority evaluate the current controls over bank reconciliation functions to ensure that all bank reconciliations are prepared properly and on a timely basis.

Management's Response

Currently, all bank account reconciliations are being performed on a monthly basis. The Executive Director or a designee will review all bank account reconciliations on a monthly basis and initial to evidence such approval.

Contact Person

Shelia Dansey, Executive Director.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number

98-11

Federal Programs

All HUD Contribution Contracts FW-1128, FW-2191 and FW-2234.

Criteria

Pursuant to Section 15 of the Consolidated Annual Contribution Contracts:

"The HA must maintain complete and accurate books of account for the projects for the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audit."

Condition

The financial reports as of and for the year ended March 31, 1998 prepared and submitted to the United States Department of Housing and Urban Development (HUD) for FW-1128, FW-2191 and FW-2234 contained typographic and clerical errors.

Questioned Costs

NONE.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number, CONTINUED

98-11

Control

All HUD year-end reports submitted.

Effect

Noncompliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

Cause

Inadequate review performed of completed financial statements.

Recommendation

We recommend that all HUD financial statements be reviewed for propriety and that the HUD reports when completed be reconciled to the general ledger. Additionally, we recommend that the reports be reviewed by a designated person at a supervisory level independent of the report preparation process to ensure propriety and clerical accuracy.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 1998

Section III - Federal Award Findings and Questioned Costs

Reference Number: CONTINUED

98-11

Management's Response

Revised reports will be submitted to HUD by no later than November 30, 1998.

Contact Person

Shelia Danzey, Executive Director