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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, 1999**

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

Release Date 10-27-99

**Bruno**  
**& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

**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, 1999 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.

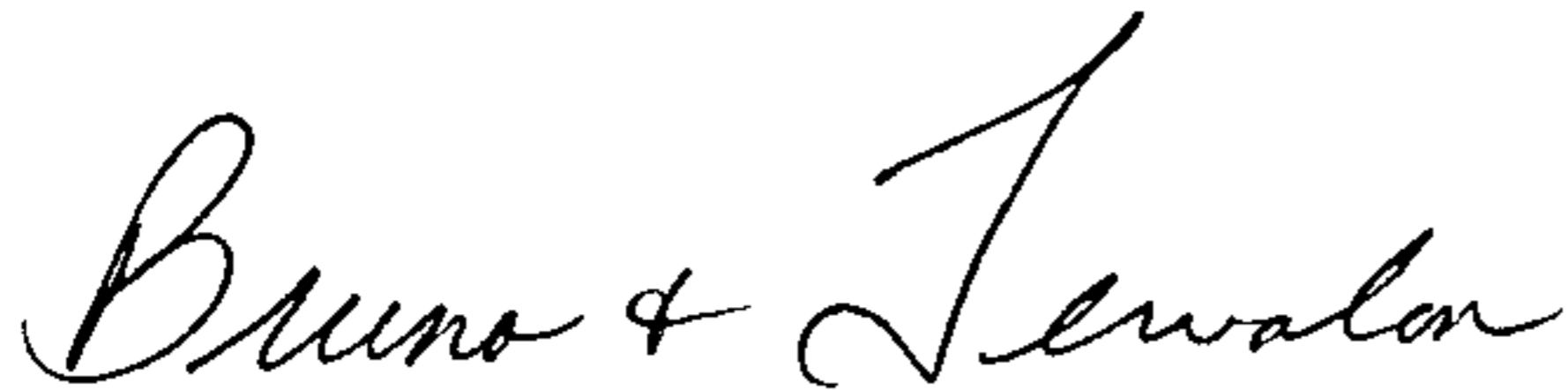
We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial 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, 1999 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 Slidell**  
Slidell, Louisiana  
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 1999 on our consideration of **the Authority's** internal control structure and on its compliance with laws, regulations, contracts and grants.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

September 24, 1999

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS**  
**COMBINED BALANCE SHEET**  
**MARCH 31, 1999**

	<u>ACCOUNT GROUPS</u>					<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM OBLIGATIONS</u>	
		\$	\$	\$	\$	
<u>ASSETS AND OTHER DEBIT</u>						
Cash and temporary cash investments (NOTE 5)	\$346,077	\$367,770	\$-0-	\$-0-	\$-0-	\$ 713,847
Amounts receivable (NOTE 2)	1,132	17,115	-0-	-0-	-0-	18,247
Due from other annual contribution contracts (NOTE 11)	172,610	282,395	-0-	-0-	-0-	455,005
Deferred charges (NOTE 3)	14,948	-0-	-0-	-0-	-0-	14,948
Land, structures and equipment (NOTE 4)	-0-	-0-	-0-	5,824,389	-0-	5,824,389
Amounts to be provided for retirement of obligations	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,221,255</u>	<u>3,221,255</u>
Total assets and other debit	<u>\$534,767</u>	<u>\$667,280</u>	<u>\$-0-</u>	<u>\$5,824,389</u>	<u>\$3,221,255</u>	<u>\$10,247,691</u>

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



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

	ACCOUNT GROUPS					TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
<u>LIABILITIES AND EQUITY</u>						
Due to other annual contribution contracts (NOTE 11)	\$241,725	\$241,267	\$-0-	\$ -0-	\$ -0-	\$ 482,992
Accounts payable-HUD (NOTE 6)	-0-	313,679	-0-	-0-	-0-	313,679
Accrued liabilities	13,520	-0-	-0-	-0-	-0-	13,520
Deposits due others (NOTE 7)	9,722	-0-	-0-	-0-	-0-	9,722
Compensated absences payable (NOTE 9)	-0-	-0-	-0-	-0-	4,329	4,329
Notes payable (NOTE 8)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,216,926</u>	<u>3,216,926</u>
Total liabilities	<u>264,967</u>	<u>554,946</u>	<u>-0-</u>	<u>-0-</u>	<u>3,221,255</u>	<u>4,041,168</u>
Investment in general fixed assets (NOTE 4)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,824,389</u>	<u>-0-</u>	<u>5,824,389</u>
Fund balance unreserved	<u>269,800</u>	<u>112,334</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>382,134</u>
Total equity	<u>269,800</u>	<u>112,334</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>382,134</u>
Total liabilities and equity	<u>\$534,767</u>	<u>\$667,280</u>	<u>\$-0-</u>	<u>\$5,824,389</u>	<u>\$3,221,255</u>	<u>\$10,247,691</u>

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, 1999**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<u>REVENUES</u>				
Dwelling rental	\$ 161,482	\$ -0-	\$ -0-	\$ 161,482
Interest on investments	<u>6,395</u>	<u>8,663</u>	<u>-0-</u>	<u>15,058</u>
Total revenues	<u>167,877</u>	<u>8,663</u>	<u>-0-</u>	<u>176,540</u>
<u>EXPENDITURES</u>				
Administration	164,063	46,122	-0-	210,185
Tenant services	1,165	2,084	-0-	3,249
Utilities	56,323	-0-	-0-	56,323
Ordinary maintenance	55,797	-0-	-0-	55,797
Protective services	681	-0-	-0-	681
General and management improvement expense	95,556	-0-	-0-	95,556
Housing assistance payments	-0-	910,572	-0-	910,572
Facilities acquisition, improvements and construction	<u>-0-</u>	<u>-0-</u>	<u>370,634</u>	<u>370,634</u>
Total expenditures	<u>373,585</u>	<u>958,778</u>	<u>370,634</u>	<u>1,702,997</u>
Net operating (deficit) before other credits, other income and other financing sources (uses)	<u>(205,708)</u>	<u>(950,115)</u>	<u>(370,634)</u>	<u>(1,526,457)</u>
<u>OTHER CREDITS</u>				
Gain on disposition of equipment	<u>67</u>	<u>-0-</u>	<u>-0-</u>	<u>67</u>
Total other credits	<u>67</u>	<u>-0-</u>	<u>-0-</u>	<u>67</u>

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, 1999

	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
<u>OTHER INCOME</u>				
Grants and subsidies	\$191,279	\$ -0-	\$404,414	\$ 595,693
Annual contribution earned	-0-	1,024,703	-0-	1,024,703
Other	<u>9,617</u>	<u>21,569</u>	<u>-0-</u>	<u>31,186</u>
Total other income	<u>200,896</u>	<u>1,046,272</u>	<u>404,414</u>	<u>1,651,582</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(4,745)</u>	<u>96,157</u>	<u>33,780</u>	<u>125,192</u>
<u>OTHER FINANCING SOURCES</u> <u>(USES)</u>				
Operating transfers in	33,780	-0-	(33,780)	33,780
Operating transfers out	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(33,780)</u>
Total financing sources (uses)	<u>33,780</u>	<u>-0-</u>	<u>(33,780)</u>	<u>-0-</u>
Excess of revenues over expenditures	29,035	96,157	-0-	125,192
Equity, beginning of year	<u>240,765</u>	<u>16,177</u>	<u>-0-</u>	<u>256,942</u>
Equity, end of year	<u>\$269,800</u>	<u>\$ 112,334</u>	<u>\$ -0-</u>	<u>\$ 382,134</u>

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--BUDGET AND ACTUAL  
 FOR THE YEAR ENDED MARCH 31, 1999

	GENERAL FUND		SPECIAL REVENUE FUNDS		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Operating Revenues:					
Dwelling rental	\$157,500	\$161,482	\$ -0-	\$ -0-	\$ -0-
Interest on investments	<u>6,000</u>	<u>6,395</u>	<u>-0-</u>	<u>8,663</u>	<u>8,663</u>
Total revenues	<u>163,500</u>	<u>167,877</u>	<u>-0-</u>	<u>8,663</u>	<u>8,663</u>
Expenditures:					
Administration	159,650	164,063	46,122	46,122	-0-
Tenant services	-0-	1,165	2,084	2,084	-0-
Utilities	45,790	56,323	-0-	-0-	-0-
Ordinary maintenance	69,380	55,797	-0-	-0-	-0-
Protective services	1,600	681	-0-	-0-	-0-
General and management improvement expense	81,300	95,556	-0-	-0-	-0-
Housing Assistance Payments	<u>-0-</u>	<u>-0-</u>	<u>975,132</u>	<u>910,572</u>	<u>64,560</u>
Total expenditures	<u>357,720</u>	<u>373,585</u>	<u>1,023,338</u>	<u>958,778</u>	<u>64,560</u>

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

HOUSING AUTHORITY OF THE CITY OF SLIDELL  
 GOVERNMENTAL FUND TYPES  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN EQUITY--BUDGET AND ACTUAL, CONTINUED  
 FOR THE YEAR ENDED MARCH 31, 1999

	GENERAL FUND		SPECIAL REVENUE FUNDS	
	Budget	Actual	Budget	Actual
	Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)	
Net operating (deficit) before other credits, other income and other financing sources (uses)	\$(194,220)	\$(205,708)	\$(11,488)	\$(1,023,338)
				\$ 73,223
<u>OTHER CREDITS</u>				
Gain on disposition of equipment	-0-	67	67	-0-
Total other credits	-0-	67	67	-0-
<u>OTHER INCOME</u>				
Grants and subsidies	191,279	191,279	-0-	-0-
Annual contribution earned	-0-	-0-	-0-	1,024,703
Other	4,500	9,617	5,117	21,569
Total other income	195,779	200,896	5,117	1,046,272
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	\$ 1,559	(4,745)	\$(6,304)	\$ 85,523
				\$ 10,634

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--BUDGET AND ACTUAL, CONTINUED  
 FOR THE YEAR ENDED MARCH 31, 1999

	GENERAL FUND		SPECIAL REVENUE FUNDS	
	Budget	Actual	Budget	Actual
	Variance Favorable (Unfavorable)		Variance Favorable (Unfavorable)	
OTHER FINANCING SOURCES				
<u>(USES)</u>				
Operating transfers in	\$ 33,780	\$ 33,780	\$ -0-	\$ -0-
Total financing sources				
(uses)	<u>33,780</u>	<u>33,780</u>	<u>-0-</u>	<u>-0-</u>
Excess of revenues over				
expenditures	\$ <u>35,339</u>	29,035	\$ <u>-0-</u>	96,157
Equity, beginning of year		<u>240,765</u>		<u>16,177</u>
Equity, end of year		\$ <u>269,800</u>		\$ <u>112,334</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**

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NOTE 1 - Organization and Summary of Significant Accounting Policies:

General

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

As of March 31, 1999, **the Authority** had the following number of units under its management:

<u>Contract</u>	<u>Program</u>	<u>No. of Units</u>
FW-1128	PHA Owned-Country Gardens	50
FW-1128	PHA Owned-Washington Heights	76
FW-2191	Section 8 Housing Certificate Program	125
FW-2234	Section 8 Housing Voucher Program	<u>145</u>
		<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**

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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 Funds

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 Projects 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 active 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 are **the Authority's** account groups:



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

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

- General Fixed Assets 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 assets 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 revocable 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

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

Amounts Receivable

Amounts 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.

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, structures 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, 1999. Management has not estimated the effect of adoption.

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

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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 Column 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 dictated by HUD.

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

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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**

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NOTE 2 - Amounts Receivable:

Amounts receivable as of March 31, 1999 consist of the following:

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	
	<u>Annual Contribution Contracts</u>		
	<u>PHA Owned Program FW-1128</u>	<u>Housing Assistance Certificate Program FW-2191</u>	<u>Total</u>
HUD	\$ -0-	\$17,115	\$17,115
Other	<u>1,132</u>	<u>-0-</u>	<u>1,132</u>
	<u>\$1,132</u>	<u>\$17,115</u>	<u>\$18,247</u>

At March 31, 1999, the allowance for doubtful accounts is \$-0-.

NOTE 3 - Deferred Charges:

Deferred charges as of March 31, 1999 consist of prepaid insurance of \$14,948.

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>Description</u>	<u>Balance April 1, 1998</u>	<u>Additions</u>	<u>Balance March 31, 1999</u>
Land, structures and equipment	\$4,877,292	\$290,634	\$5,167,926
Improvements to structures	<u>576,463</u>	<u>80,000</u>	<u>656,463</u>
Total	<u>\$5,453,755</u>	<u>\$370,634</u>	<u>\$5,824,389</u>

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

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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/FSLIC 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.

At various times during **the Authority's** fiscal year ended March 31,1999, 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 Statue 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.

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

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NOTE 5 - Cash and Temporary Cash Investments, Continued:

At March 31, 1999, cash and temporary cash investments consist of the following:

	GENERAL FUND	SPECIAL REVENUE FUNDS				Interest Rate	Maturity
		Annual Contribution Contracts					
		Housing Assistance Certificate Program <u>FW-2191</u>	Housing Assistance Voucher Program <u>FW-2234</u>	Total			
Demand deposits	<u>\$346,077</u>	<u>\$5,090</u>	<u>\$362,680</u>	<u>\$713,847</u>	Various	N/A	
Total cash and cash investments	<u>\$346,077</u>	<u>\$5,090</u>	<u>\$362,680</u>	<u>\$713,847</u>			

The temporary cash investments are categorized as Category 1. Also, at March 31, 1999, the carrying amount and bank balance of the Authority's deposits was \$713,847.

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

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NOTE 6 - Accounts Payable-HUD:

Accounts payable-HUD at March 31, 1999, consist of the following obligations:

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>Annual Contribution Contracts</u>		
	<u>Housing Assistance Certificate Program FW-2191</u>	<u>Housing Assistance Voucher Program FW-2234</u>	<u>Total</u>
HUD	<u>\$108,918</u>	<u>\$204,761</u>	<u>\$313,679</u>
Total accounts payable-HUD	<u>\$108,918</u>	<u>\$204,761</u>	<u>\$313,679</u>

NOTE 7 - Deposits Due Others:

Deposits due others as of March 31, 1999 of \$9,722 consist of tenant security deposits collected by **the Authority**.

NOTE 8 - Notes Payable:

In September 1984 HUD 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 HUD 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 SLIDELL**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 8 - Notes Payable, Continued:

Under the provisions of the Housing and Community Development Reconciliation Amendments of 1985 (P.L. 99-272) enacted April 7, 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/IHA, 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, 1999, 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>\$3,216,926</u>
--	--------------------

As debt service annual contributions ceased on April 1, 1986, the interest expense and related payable on the notes payable in the amount of \$883,401 as of March 31, 1999 has not been recorded. At March 31, 1999, the amount is not material to the financial statements of **the Authority** as these are pass-through obligations of HUD.

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

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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.

**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, 1999, total leave to be paid upon termination is \$4,329.

NOTE 10 - Risk Management:

**The Authority** is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; for which **the Authority** carries commercial insurance, 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.

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

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

Interfund activity at March 31, 1999, consist of the following:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Housing Assistance Voucher Program FW-2234	\$152,943	\$241,267
Housing Assistance Certificate Program FW-2191	129,452	-0-
PHA Owned Program FW-1128	<u>172,610</u>	<u>241,725</u>
Total	<u>\$455,005</u>	<u>\$482,992</u>

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.

NOTE 13 - Management of Pearl River Section 8 Program:

In an agreement dated April 14, 1999, **the Authority** was engaged by the Town of Pearl River to provide administrative services related to the Section 8 Housing Program in the unincorporated areas within any municipality that does not operate its own Section 8 Housing Program and for the benefit of the Town of Pearl River. Those administrative services shall include any and all administrative services which are in order to operate the Section 8 Housing Program, including but not limited to, the administration of all vouchers or certificates associated with housing program, all budgetary matters, and the preparation of all reports. The agreement terminates on March 31, 2000 and at all times is contingent and conditional upon continued annual funding of the Section 8 Housing Program by HUD.

**SUPPLEMENTARY INFORMATION--EXHIBITS**

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

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

Our report on our audit of the 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, "Audits 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 except Exhibit E) which is prepared in accordance with generally accepted accounting principles, and is not a required part of the general purpose financial statements, has been subjected to the procedures applied in the audit 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, and is not a required part of the general purpose financial statements, has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, except for differences in fund accounting, facilities acquisition, improvements and/or construction, 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.

The accompanying disclosure on Year 2000 Issues (Exhibit E) is presented in accordance with the requirements of Governmental Accounting Standards Board Technical Bulletin 99-1 Disclosures about Year 2000 Issues - an amendment of Technical Bulletin 98-1. We have applied certain limited procedures which consisted primarily of inquiries of management regarding the stages of assessment and presentation of the supplementary information.

We did not audit the Year 2000 disclosure information and as such do not express an opinion on it.

Also, because of the unprecedented nature of the Year 2000 Issue and its effects, the success of related remediation efforts will not be fully determinable until Year 2000 and thereafter. Management cannot assure that **the Authority** is, or will be Year 2000 ready, that its remediation efforts will be successful in whole, or in part, or that parties with whom **the Authority** does business will be Year 2000 ready.

  
**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

September 24, 1999

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 1999**

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	HOUSING ASSISTANCE CERTIFICATE PROGRAM <u>FW-2191</u>	HOUSING ASSISTANCE VOUCHER PROGRAM <u>FW-2234</u>	TOTAL (MEMORANDUM ONLY) <u></u>
<u>ASSETS</u>			
Cash and temporary cash investments	\$ 5,090	\$362,680	\$367,770
Amounts receivable	17,115	-0-	17,115
Due from other annual contribution contracts	<u>129,452</u>	<u>152,943</u>	<u>282,395</u>
	<u>\$151,657</u>	<u>\$515,623</u>	<u>\$667,280</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Due to other annual contribution contracts	\$ -0-	\$241,267	\$241,267
Accounts payable - HUD	<u>108,918</u>	<u>204,761</u>	<u>313,679</u>
Total liabilities	108,918	446,028	554,946
Fund balance	<u>42,739</u>	<u>69,595</u>	<u>112,334</u>
Total liabilities and fund balance	<u>\$151,657</u>	<u>\$515,623</u>	<u>\$667,280</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 FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 1999**

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	HOUSING ASSISTANCE CERTIFICATE PROGRAM <u>FW-2191</u>	HOUSING ASSISTANCE VOUCHER PROGRAM <u>FW-2234</u>	TOTAL (MEMORANDUM ONLY) <u>                    </u>
<b><u>REVENUES</u></b>			
Interest on investments	\$ <u>3,553</u>	\$ <u>5,110</u>	\$ <u>8,663</u>
Total revenues	<u>3,553</u>	<u>5,110</u>	<u>8,663</u>
<b><u>EXPENDITURES</u></b>			
Administration	22,811	25,395	48,206
Housing assistance payments	<u>392,898</u>	<u>517,674</u>	<u>910,572</u>
Total expenditures	<u>415,709</u>	<u>543,069</u>	<u>958,778</u>
Net operating (deficit) before other income	<u>(412,156)</u>	<u>(537,959)</u>	<u>(950,115)</u>
<b><u>OTHER INCOME</u></b>			
Annual contribution earned	440,292	584,411	1,024,703
Other	<u>14,201</u>	<u>7,368</u>	<u>21,569</u>
Total other income	<u>454,493</u>	<u>591,779</u>	<u>1,046,272</u>
Excess of revenues over expenditures	42,337	53,820	96,157
Fund balance, beginning of year	<u>402</u>	<u>15,775</u>	<u>16,177</u>
Fund balance, end of year	\$ <u><u>42,739</u></u>	\$ <u><u>69,595</u></u>	\$ <u><u>112,334</u></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 FUND BALANCE--BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 1999  
FW-2191

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Interest on investments	\$ <u>-0-</u>	\$ <u>3,553</u>	\$ <u>3,553</u>
Total revenues	<u>-0-</u>	<u>3,553</u>	<u>3,553</u>
<u>EXPENDITURES</u>			
Administration	22,811	22,811	-0-
Housing assistance payments	<u>363,912</u>	<u>392,898</u>	<u>(28,986)</u>
Total expenditures	<u>386,723</u>	<u>415,709</u>	<u>(28,986)</u>
Net operating (deficit) before other income	<u>(386,723)</u>	<u>(412,156)</u>	<u>(25,433)</u>
<u>OTHER INCOME</u>			
Annual contribution earned	423,177	440,292	17,115
Other	<u>-0-</u>	<u>14,201</u>	<u>14,201</u>
Total other income	<u>423,177</u>	<u>454,493</u>	<u>31,316</u>
Excess of revenues over expenditures	\$ <u>36,454</u>	42,337	\$ <u>5,883</u>
Fund balance, beginning of year		<u>402</u>	
Fund balance, end of year		\$ <u>42,739</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 FUND BALANCE--BUDGET AND ACTUAL, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**  
**FW-2234**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<u>REVENUE</u>			
Interest on investments	\$ <u>-0-</u>	\$ <u>5,110</u>	\$ <u>5,110</u>
Total revenue	<u>-0-</u>	<u>5,110</u>	<u>5,110</u>
<u>EXPENDITURES</u>			
Administration	25,395	25,395	-0-
Housing assistance payments	<u>611,220</u>	<u>517,674</u>	<u>93,546</u>
Total expenditures	<u>636,615</u>	<u>543,069</u>	<u>93,546</u>
Net operating (deficit) before other income	<u>(636,615)</u>	<u>(537,959)</u>	<u>98,656</u>
<u>OTHER INCOME</u>			
Annual contribution earned	685,684	584,411	(101,273)
Other	<u>-0-</u>	<u>7,368</u>	<u>7,368</u>
Total other income	<u>685,684</u>	<u>591,779</u>	<u>(93,905)</u>
Excess of revenue over expenditures	\$ <u>49,069</u>	53,820	\$ <u>4,751</u>
Fund balance, beginning of year		<u>15,775</u>	
Fund balance, end of year		\$ <u>69,595</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 FUND BALANCE--BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 1999  
FW-1128**

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PROJECT LA 48P10390394

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUE</u>			
Grants	<u>\$74,204</u>	<u>\$74,204</u>	<u>\$-0-</u>
Total revenue	<u>74,204</u>	<u>74,204</u>	<u>-0-</u>
<u>EXPENDITURES</u>			
Management improvements	8,690	8,690	-0-
Administration	200	200	-0-
Facilities acquisition, improvements and construction	<u>65,314</u>	<u>65,314</u>	<u>-0-</u>
Total expenditures	<u>74,204</u>	<u>74,204</u>	<u>-0-</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -0-</u>	-0-	<u>\$-0-</u>
Fund balance, beginning of year		<u>-0-</u>	
Fund balance, end of year		<u>\$ -0-</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 FUND BALANCE--BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 1999**  
**FW-1128**

PROJECT LA 48P103-904-95

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUE</u>			
Grants	\$ <u>125,336</u>	\$ <u>125,336</u>	\$ <u>-0-</u>
Total revenue	<u>125,336</u>	<u>125,336</u>	<u>-0-</u>
<u>EXPENDITURES</u>			
Management improvements	2,836	2,836	-0-
Facilities acquisition, improvements and construction	<u>122,500</u>	<u>122,500</u>	<u>-0-</u>
Total expenditures	<u>125,336</u>	<u>125,336</u>	<u>-0-</u>
Excess (deficiency) of revenue over expenditures	\$ <u>-0-</u>	-0-	\$ <u>-0-</u>
Fund balance, beginning of year		<u>-0-</u>	
Fund balance, end of year		\$ <u>-0-</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 FUND BALANCE--BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 1999**  
**FW-1128**

PROJECT LA 48P031-905-97

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUE</u>			
Grants	\$404,414	\$404,414	\$-0-
Total revenue	<u>404,414</u>	<u>404,414</u>	<u>-0-</u>
<u>EXPENDITURES</u>			
Management improvements	33,780	33,780	-0-
Facilities acquisition, improvements and construction	<u>370,634</u>	<u>370,634</u>	<u>-0-</u>
Total expenditures	<u>404,414</u>	<u>404,414</u>	<u>-0-</u>
Excess (deficiency) of revenue over expenditures	\$ <u>-0-</u>	-0-	\$ <u>-0-</u>
Fund balance, beginning of year		<u>-0-</u>	
Fund balance, end of year		\$ <u>-0-</u>	

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
YEAR 2000 DISCLOSURE ISSUES**

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The Year 2000 issue is the result of short comings in many electronic data processing systems and other electronic equipment that may adversely affect **the Authority's** operations.

**The Authority** has completed an inventory of its computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary in conducting **the Authority's** operations. **The Authority** has identified such systems as being financial and accounting, reporting, payroll and employee benefits.

**The Authority** has committed approximately \$5,000 of its management improvement funds to the Year 2000 compliance activities.

**The Authority**, in conjunction with its Year 2000 compliance activities, (a) has outlined the compliance issues relative to **the Authority** (b) has established a budget and project plan for dealing with the Year 2000 issue; (c) has identified its electronic equipment and systems to review for compliance; (d) has obtained Year 2000 disclosure statements evidencing compliance and/or the patches or links required to achieve compliance; (e) is making the necessary technological changes and/or the patches or links required to achieve compliance; and (f) is making the necessary technological changes and/or upgrades to make certain that its system will be Year 2000 compliant.

Overall, **the Authority** has undertaken and completed its awareness, assessment and remediation stages of the Year 2000 preparedness process. Currently, **the Authority** has upgraded or updated the necessary systems and equipment to be Year 2000 compliant. The validation/testing stage is ongoing.

*See Independent Auditors' Report on Supplementary Information.*

HOUSING AUTHORITY OF THE CITY OF SLIDELL  
COMBINING BALANCE SHEET--HUD BASIS

ALL ANNUAL CONTRIBUTION CONTRACTS

MARCH 31, 1999

	PHA Owned Program <u>FW-1128</u>	Housing Assistance Certificate Program <u>FW-2191</u>	Housing Assistance Voucher Program <u>FW-2234</u>	Total (Memorandum Only) <u></u>
<u>ASSETS</u>				
Cash	\$ 346,077	\$ 5,090	\$362,680	\$ 713,847
Amounts receivable	2,922	17,115	-0-	20,037
Due from other Annual Contribution Contracts	172,610	129,452	152,943	455,005
Deferred charges	14,948	-0-	-0-	14,948
Land, structures and equipment	<u>6,046,142</u>	<u>3,738</u>	<u>1,695</u>	<u>6,051,575</u>
Total assets	<u>\$6,582,699</u>	<u>\$155,395</u>	<u>\$517,318</u>	<u>\$7,255,412</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**COMBINING BALANCE SHEET--HUD BASIS, CONTINUED**

ALL ANNUAL CONTRIBUTION CONTRACTS

MARCH 31, 1999

	PHA Owned Program FW-1128	Housing Assistance Certificate Program FW-2191	Housing Assistance Voucher Program FW-2234	Total (Memorandum Only)
<u>LIABILITIES AND SURPLUS</u>				
Due to other Annual Contribution Contracts	\$ 241,725	\$ -0-	\$241,267	\$ 482,992
Accrued liabilities	16,125	-0-	-0-	16,125
Tenant security deposits	9,722	-0-	-0-	9,722
Amounts payable - HUD	-0-	108,918	204,761	313,679
Fixed liabilities	<u>3,216,926</u>	<u>-0-</u>	<u>-0-</u>	<u>3,216,926</u>
Total liabilities	<u>3,484,498</u>	<u>108,918</u>	<u>446,028</u>	<u>4,039,444</u>
Surplus	<u>3,098,201</u>	<u>46,477</u>	<u>71,290</u>	<u>3,215,968</u>
Total liabilities and surplus	<u>\$6,582,699</u>	<u>\$155,395</u>	<u>\$517,318</u>	<u>\$7,255,412</u>

See Independent Auditors' Report on Supplementary Information.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**COMBINING STATEMENT OF INCOME AND EXPENSES--HUD BASIS**

ALL ANNUAL CONTRIBUTION CONTRACTS

FOR THE YEAR ENDED MARCH 31, 1999

	PHA Owned Program <u>FW-1128</u>	Housing Assistance Certificate Program <u>FW-2191</u>	Housing Assistance Voucher Program <u>FW-2234</u>	Total (Memorandum Only)
Operating income:				
Dwelling rental	\$ <u>161,482</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>161,482</u>
Total operating income	<u>161,482</u>	<u>-0-</u>	<u>-0-</u>	<u>161,482</u>
Operating expenses:				
Administration	164,063	21,769	24,353	210,185
Tenant services	1,165	1,042	1,042	3,249
Utilities	56,323	-0-	-0-	56,323
Ordinary maintenance	55,797	-0-	-0-	55,797
Protective services	681	-0-	-0-	681
General expense	59,986	-0-	-0-	59,986
Housing assistance payments	<u>-0-</u>	<u>392,898</u>	<u>517,674</u>	<u>910,572</u>
Total operating expenses	<u>338,015</u>	<u>415,709</u>	<u>543,069</u>	<u>1,296,793</u>
Net operating (deficit) before other income, charges and credits	<u>(176,533)</u>	<u>(415,709)</u>	<u>(543,069)</u>	<u>(1,135,311)</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**COMBINING STATEMENT OF INCOME AND EXPENSES--HUD BASIS, CONTINUED**

ALL ANNUAL CONTRIBUTION CONTRACTS

FOR THE YEAR ENDED MARCH 31, 1999

	PHA Owned Program FW-1128	Housing Assistance Certificate Program FW-2191	Housing Assistance Voucher Program FW-2234	Total (Memorandum Only)
Other (charges) and credits:				
Gain on disposition of nonexpendable equipment	\$ 67	\$ -0-	\$ -0-	\$ 67
Total other charges and credits	<u>67</u>	<u>-0-</u>	<u>-0-</u>	<u>67</u>
Other income:				
Interest on general fund investments	6,395	3,553	5,110	15,058
Other on general fund investments	9,617	14,201	7,368	31,186
Grants and subsidies	<u>595,693</u>	<u>440,292</u>	<u>584,411</u>	<u>1,620,396</u>
Total other income	<u>611,705</u>	<u>458,046</u>	<u>596,889</u>	<u>1,666,640</u>
Excess revenues over expenditures	435,239	42,337	53,820	531,396
Surplus-beginning of year	<u>2,662,962</u>	<u>4,140</u>	<u>17,470</u>	<u>2,684,572</u>
Surplus-end of year	<u>\$3,098,201</u>	<u>\$ 46,477</u>	<u>\$ 71,290</u>	<u>\$3,215,968</u>

See Independent Auditors' Report on Supplementary Information

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
COMBINING ANALYSIS OF SURPLUS--HUD BASIS**

ALL ANNUAL CONTRIBUTION CONTRACTS

For the Year Ended March 31, 1999

	Annual Contribution Contracts			Total (Memorandum Only)
	PHA Owned Program FW-1128	Housing Assistance Certificate Program FW-2191	Housing Assistance Voucher Program FW-2234	
<u>Unreserved Surplus</u>				
Balance per prior audit, March 31, 1998	\$ (3,857,955)	\$ (6,332,320)	\$ (7,772,324)	\$ (17,962,599)
(Deficit) for year ended March 31, 1999	(160,454)	(397,955)	(530,591)	(1,089,000)
(Provision for) reduction of operating reserve for year ended March 31, 1999	(30,825)	(42,337)	(53,820)	(126,982)
(Provision for) reduction of project account for year ended March 31, 1999	<u>-0-</u>	<u>(71,292)</u>	<u>97,700</u>	<u>26,408</u>
Balance, March 31, 1999	<u>\$ (4,049,234)</u>	<u>\$ (6,843,904)</u>	<u>\$ (8,259,035)</u>	<u>\$ (19,152,173)</u>

See Independent Auditors' Report on Supplementary Information..

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**COMBINING ANALYSIS OF SURPLUS--HUD BASIS, CONTINUED**

ALL ANNUAL CONTRIBUTION CONTRACTS

For the Year Ended March 31, 1999

	Annual Contribution Contracts			Total (Memorandum Only)
	PHA Owned Program FW-1128	Housing Assistance Certificate Program FW-2191	Housing Assistance Voucher Program FW-2234	
<u>Reserved Surplus-Operating Reserve</u>				
Balance per prior audit, March 31, 1998	\$ 258,360	\$ 402	\$ 15,675	\$ 274,437
Provision for (reduction of) operating reserve for the year ended March 31, 1999	<u>30,825</u>	<u>42,337</u>	<u>53,820</u>	<u>126,982</u>
Balance, March 31, 1999	<u>\$ 289,185</u>	<u>\$ 42,739</u>	<u>\$ 69,495</u>	<u>\$ 401,419</u>
<u>Reserved Surplus-Project Account</u>				
Balance per prior audit, March 31, 1998	\$ -0-	\$ 1,097,643	\$ 2,887,395	\$ 3,985,038
Provision for (reduction of) project account for year ended March 31, 1999	<u>-0-</u>	<u>71,292</u>	<u>(97,700)</u>	<u>(26,408)</u>
Balance, March 31, 1999	<u>\$ -0-</u>	<u>\$ 1,168,935</u>	<u>\$ 2,789,695</u>	<u>\$ 3,958,630</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL  
COMBINING ANALYSIS OF SURPLUS--HUD BASIS, CONTINUED

ALL ANNUAL CONTRIBUTION CONTRACTS

For the Year Ended March 31, 1999

	<u>Annual Contribution Contracts</u>			<u>Total (Memorandum Only)</u>
	<u>PHA Owned Program FW-1128</u>	<u>Housing Assistance Certificate Program FW-2191</u>	<u>Housing Assistance Voucher Program FW-2234</u>	
<u>Cumulative HUD Contribution</u>				
Balance per prior audit, March 31, 1998	\$4,094,057	\$5,238,415	\$4,886,724	\$14,219,196
Operating subsidy for year ended March 31, 1999	191,279	-0-	-0-	191,279
Annual contribution earned for the year ended March 31, 1999	<u>-0-</u>	<u>440,292</u>	<u>584,411</u>	<u>1,024,703</u>
Balance, March 31, 1999	<u>4,285,336</u>	<u>5,678,707</u>	<u>5,471,135</u>	<u>15,435,178</u>
<u>Cumulative HUD Development and Modernization Grants</u>				
Balance per prior audit, March 31, 1998	2,168,500	-0-	-0-	2,168,500
Grants earned for the year ended March 31, 1999	<u>404,414</u>	<u>-0-</u>	<u>-0-</u>	<u>404,414</u>
Balance, March 31, 1999	<u>2,572,914</u>	<u>-0-</u>	<u>-0-</u>	<u>2,572,914</u>
Total surplus	<u>\$3,098,201</u>	<u>\$ 46,477</u>	<u>\$ 71,290</u>	<u>\$3,215,968</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**

**ANALYSIS OF GENERAL FUND CASH BALANCE--HUD BASIS  
ALL ANNUAL CONTRIBUTION CONTRACTS**

For the Year Ended March 31, 1999

	<u>Annual Contribution Contracts</u>			<u>Total (Memorandum Only)</u>
	<u>PHA Owned Program FW-1128</u>	<u>Housing Assistance Certificate Program FW-2191</u>	<u>Housing Assistance Voucher Program FW-2234</u>	
Net operating receipts retained:				
Operating reserve	\$289,185	\$ 42,739	\$ 69,495	\$401,419
Security deposits	<u>9,722</u>	<u>-0-</u>	<u>-0-</u>	<u>9,722</u>
Sub-total	<u>298,907</u>	<u>42,739</u>	<u>69,495</u>	<u>411,141</u>
<u>Adjustments:</u>				
Interfund payable	241,725	-0-	241,267	482,992
Accrued liabilities	16,125	-0-	-0-	16,125
Accounts payable	<u>-0-</u>	<u>108,918</u>	<u>204,761</u>	<u>313,679</u>
Sub-total	<u>257,850</u>	<u>108,918</u>	<u>446,028</u>	<u>812,796</u>
Less Income not received:				
Amounts receivable	2,922	17,115	-0-	20,037
Interfund receivable	<u>172,610</u>	<u>129,452</u>	<u>152,943</u>	<u>455,005</u>
Sub-total	<u>175,532</u>	<u>146,567</u>	<u>152,943</u>	<u>475,042</u>
Deferred charges	(14,948)	-0-	-0-	(14,948)
Other	<u>(20,200)</u>	<u>-0-</u>	<u>100</u>	<u>(20,100)</u>
General fund cash balance	<u>\$346,077</u>	<u>\$ 5,090</u>	<u>\$362,680</u>	<u>\$713,847</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**COMPUTATION OF RESIDUAL RECEIPTS--HUD BASIS**  
**PHA OWNED PROGRAM**

ANNUAL CONTRIBUTION CONTRACT FW-1128

For the Year Ended March 31, 1999

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Computation of Residual Receipts

Operating receipts

Operating income	\$161,482
Other income	16,079
Contribution earned--operating subsidy	<u>191,279</u>
Total operating receipts	<u>368,840</u>

Operating expenditures

Operating expenses	<u>338,011</u>
Total operating expenditures	<u>338,011</u>

Residual receipts from operation \$ 30,829

Residual receipts \$ 30,829

Provision for operating reserve (30,829)

Residual receipts \$ -0-

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 FW-2191**

For the Year Ended March 31, 1999

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Maximum Contribution Available

Maximum annual contribution	\$ 380,608
Project account balance at beginning of fiscal year	<u>1,228,619</u>
Total annual contribution available	<u>\$1,609,227</u>

Annual Contribution Required

Administrative fee	\$ 43,554
Housing assistance payments	392,898
Hard to house fees	135
Portability fees	845
Audit fees	<u>2,860</u>
Total annual contribution required	<u>\$440,292</u>

Project Account Change

Provision for project account	<u>\$ 71,292</u>
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Annual Contribution Earned--lesser of  
contribution available or contribution required

\$440,292

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, CONTINUED

HOUSING ASSISTANCE CERTIFICATE PROGRAM

ANNUAL CONTRIBUTION CONTRACT FW-2191

For the Year Ended March 31, 1999

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Operating Reserve Change

Operating receipts

Other income	\$ 17,754
Annual contribution earned	<u>440,292</u>

Total operating receipts	<u>458,046</u>
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Operating expenditures

Operating expenses	<u>415,709</u>
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Total operating expenditures	<u>415,709</u>
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Net operating receipts available	<u>\$ 42,337</u>
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Provision for operating reserve	<u>\$ 42,337</u>
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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 FW-2234**

For the Year Ended March 31, 1999

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**Maximum Contribution Available**

Maximum annual contribution	\$ 747,600
Project account balance at beginning of fiscal year	<u>2,626,506</u>
 Total annual contribution available	 <u>\$3,374,106</u>

**Annual Contribution Required**

Administrative fee	\$ 60,859
Housing assistance payments	517,674
Portability fees	5,573
Project receipts other than annual contribution	(2,555)
Audit fees	<u>2,860</u>
 Total annual contribution required	 <u>\$584,411</u>

**Project Account Change**

Reduction of project account	\$ <u>97,700</u>
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<b><u>Annual Contribution Earned--lesser of contribution available or contribution required</u></b>	 <u>\$584,411</u>
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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, CONTINUED**

**HOUSING ASSISTANCE VOUCHER PROGRAM**

**ANNUAL CONTRIBUTION CONTRACT FW-2234**

For the Year Ended March 31, 1999

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Operating Reserve Change

Operating receipts

Other income	\$ 12,478
Annual contribution earned	<u>584,411</u>

Total operating receipts	<u>596,889</u>
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Operating expenditures

Operating expenses	<u>543,069</u>
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Total operating expenditures	<u>543,069</u>
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Net operating receipts available	<u>\$ 53,820</u>
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Provision for operating reserve	<u>\$ 53,820</u>
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See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**

**RECONCILIATION OF MODERNIZATION FUNDS ADVANCED  
WITH COSTS--COMPLETE**

**ANNUAL CONTRIBUTION CONTRACT FW-1128**

**For the Year Ended March 31, 1999**

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	<u>LA-048103905</u>
Funds approved	\$ 440,000
Funds expended	<u>(440,000)</u>
Excess of funds approved	\$ <u>-0-</u>
Funds advanced:	
Grant funding	\$ <u>440,000</u>
Total funds advanced	440,000
Funds expended	<u>(440,000)</u>
Excess (deficiency) of funds available	\$ <u>-0-</u>

NOTE: The distribution of costs by project as shown on the CIAP Budget/Progress Report dated April 28, 1999 accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the **Authority's** records and all costs and liabilities associated with it has been paid.

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**

**RECONCILIATION OF MODERNIZATION FUNDS ADVANCED  
WITH COSTS--COMPLETE**

**ANNUAL CONTRIBUTION CONTRACT FW-1128**

For the Year Ended March 31, 1999

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	<u>LA-048103903</u>	<u>LA-048103904</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 funding	\$ <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 SLIDELL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED MARCH 31, 1999

	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Grant Revenue</u>	<u>Expenses and Authorized Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):				
Subject to Annual Contribution Contracts				
*PHA Owned Housing Program	14.850	FW-1128	\$ 191,279	\$ 338,016
*Existing Housing Assistance Program	14.857	FW-2191	440,292	415,709
*Voucher Program	14.855	FW-2234	584,411	543,069
*Modernization and Development Program	14.852	FW-1128	<u>404,414</u>	<u>404,414</u>
Total expenditures of federal awards			<u>\$1,620,396</u>	<u>\$1,701,208</u>

\*Denotes major program as defined by OMB Circular A-133.

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. The information on this schedule is presented in accordance with other requirements of OMB Circular A-133 "Audits 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 Slidell**  
Slidell, Louisiana

We have audited the general purpose financial statements of the **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 1999, and have issued our report thereon dated September 24, 1999. 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 those 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 II as Items 99-1, 99-2, 99-4 and Section III as items 99-6 through 99-18.

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

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(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 99-1 through 99-5, and Section III as item 99-15.

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, of the reportable conditions described above we consider items 99-2 and 99-15 to be material weaknesses.

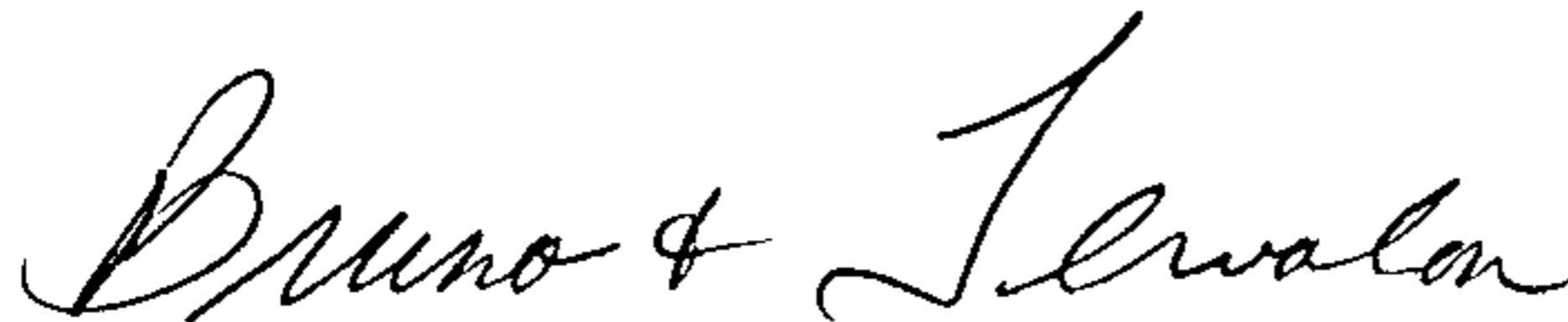


INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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(CONTINUED)

This report is intended for the information and use of **the Authority's** Board, management, the Legislative Auditor and its regulatory agencies and is not intended to, and should not be used by anyone other than these specified parties.



**BRUNO & TERVALON**  
**CERTIFIED PUBLIC ACCOUNTANTS**

September 24, 1999

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 Slidell**  
Slidell, Louisiana

**Compliance**

We have audited the compliance of the **Housing Authority of the City of Slidell (the Authority)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and PIH 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, 1999. **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, *Audits of States, Local Governments, and Non-Profit Organizations*, and PIH 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 PIH 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 OMB 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 those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **the Authority's** compliance with those requirements.

As described in items 99-1, 99-2, 99-4 and 99-6 through 99-18 in the accompanying Schedule of Findings and Questioned Costs, **the Authority** did not comply with requirements regarding Section 15-Books of Accounts, Records and Government access of the Consolidated Annual Contribution Contracts that are applicable to FW-1128, FW-2191 and FW-2234 and certain provisions and requirements of OMB Circular A-133. 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, 1999.

**Internal Control Over Compliance**

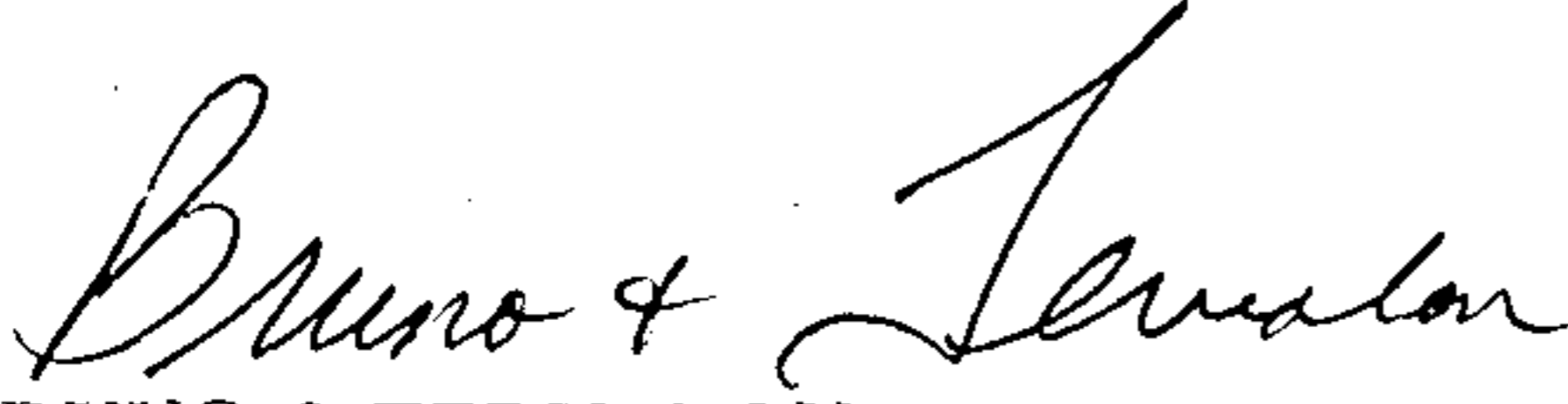
The management of **the Authority** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **the Authority's** internal 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 OMB 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 99-1 through 99-18.

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 non-compliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance 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 that of the reportable conditions described above items 99-2 and 99-15 to be material weaknesses.

This report is intended for the information and use of **the Authority's** Board, management, the Legislative Auditor and its regulatory agencies and is not intended to, and should not be used by anyone other than these specified parties.

  
BRUNO & TERVALON  
CERTIFIED PUBLIC ACCOUNTANTS

September 24, 1999

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 1999**

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**Section I - Summary of Auditors' Results**

*Financial Statements*

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

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Reportable condition(s) identified that are not considered to be material weaknesses? **Yes**

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

*Federal Awards*

Internal Control over major programs:

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

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**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

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**Section I - Summary of Auditors' Results**

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.850	PHA Owned Housing Program
14.857	Existing Housing Assistance Program
14.855	Voucher Program
14.852	Modernization and Development Program

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

**\$300,000**

Auditee qualified as low-risk auditee?

**No**

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

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**Section II - Financial Statement Findings**

**Reference Number**

99-1

**Federal Programs**

U.S. Department of Housing and Urban Development (HUD) Annual Contribution Contracts FW-1128, FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**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 significant accounts such as fixed assets, interfund activity, prepaid assets, etc. are not maintained and/or reconciled to the applicable general ledger control accounts. For instance, at March 31, 1999, the interfund accounts had an out-of-balance condition of approximately \$28,000. This condition appears to be the result of the lack of a system in place to ensure the proper and timely reconciliation as well as analysis of all interfund transactions.

**Questioned Costs**

NONE.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

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**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

99-1

**Context**

No reconciliations noted for the fixed asset, interfund activity and prepaid assets accounts for the fiscal year ended March 31, 1999.

**Effect**

Non-compliance 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.

**Recommendation**

We recommend that subsidiary ledger accounts should be reconciled to the appropriate general ledger control accounts on a monthly basis. All out-of-balance condition(s) should be resolved in a timely basis.

**Management's Response**

**The Authority** is currently in the process of upgrading its financial accounting system. To that extent, we expect the above procedure to be incorporated as part of our monthly processes upon completion of the upgrade.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section II - Financial Statement Findings**

**Reference Number**

99-2

**Federal Programs**

HUD Annual Contribution Contracts FW-1128, FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**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 account reconciliations for the operating, certificate and voucher programs were not prepared prior to start of our audit fieldwork for the March 31, 1999 fiscal year by the designated staff. We noted subsequent to their preparation, a net cumulative out-of-balance condition before the effect of audit adjustments of approximately \$40,000 between the general ledger balance of \$754,063 to the reconciled amount of \$713,847 for the annual contribution contracts FW-1128 , FW-2191and FW-2234 bank accounts.

**Questioned Costs**

NONE.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

99-2

**Context**

Not applicable.

**Effect**

Non-compliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

General ledger conversion undertaken during the fiscal year ended March 31, 1999, coupled with the lack of an established financial control process to ensure the timely reconciliation of all significant accounts.

**Recommendation**

We recommend that management establish a system to ensure that designated staff perform the bank account reconciliations 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.

In addition, management should consider the hiring of an "in-house" staff accountant with the required technical capacity to handle the financial aspects of **the Authority's** operations.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

99-2

**Management's Response**

The current financial accounting system upgrade incorporates a bank reconciliation module to facilitate the timely and accurate reconciliation of all bank accounts. Management anticipates resolution by November 30, 1999.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section II - Financial Statement Findings**

**Reference Number**

99-3

**Federal Programs**

HUD Annual Contribution Contracts FW-1128, FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**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 audits".

**Condition**

The Authority currently has former commissioners and employees listed as authorized check signers on its bank accounts with its financial institutions.

**Questioned Costs**

NONE.

**Context**

All bank accounts held by the Authority.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

99-3

**Effect**

Potential risk of unauthorized transactions.

**Cause**

No formal letter submitted to the bank regarding current authorized check signers.

**Recommendation**

**The Authority** should forward to the respective banks a formal letter listing its current authorized check signers.

**Management's Response**

**The Authority** is in the process of identifying all such individuals with an aim toward resolution. Management anticipates resolution by October 31, 1999.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section II - Financial Statement Findings**

**Reference Number**

99-4

**Federal Programs**

HUD Annual Contribution Contracts FW-1128, FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to the requirements of the Consolidated Annual Contribution Contracts:

"Any portion of PHA funds not insured by a Federal insurance organization shall be fully (100%) and continuously collateralized with specific and identifiable U.S. Government or Agency securities prescribed by HUD. Such securities shall be pledged and set-aside in accordance with applicable law or Federal regulations".

**Condition**

Our review of **the Authority's** banking relationship with a financial institution revealed the lack of an executed collateral agreement to secure deposited funds in excess of \$100,000. At March 31, 1999 the institution held funds in excess of \$700,000 on behalf of **the Authority**.

Based on our discussion with management and review of documents submitted to us from the financial institution (daily collateral reports subsequent to year end), we noted that the bank is providing collateral on a daily basis for funds in excess of \$100,000. (i.e. the trade, settlement and maturity dates were within one day).

**Questioned Costs**

NONE

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section II - Financial Statement Findings**

**Reference Number, CONTINUED**

99-4

**Context**

All three bank accounts maintained by **the Authority** with the financial institution.

**Effect**

Potential loss of **Authority's** funds not secured by the FDIC.

**Cause**

Oversight in securing agreement with financial institution.

**Recommendation**

**The Authority** should execute a collateral agreement to ensure collateral for funds in excess of the FDIC coverage. Such an agreement should require collateral as long as **the Authority** maintains a banking relationship at the current level of funding.

**Management's Response**

**The Authority** is in the process of resolving this condition and anticipates completion by no later than November 15, 1999.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 1999

---

**Section II - Financial Statement Findings**

**Reference Number**

99-5

**Federal Programs**

HUD Annual Contribution Contracts FW-1128, FW-2234 and FW-2191 (See Schedule of Expenditures of Federal Awards).

**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**

Shared cost allocated to the various programs managed by **the Authority** was not performed on a consistent basis by designated staff.

**Questioned Costs**

NONE.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section II - Financial Statement Findings**

**Reference Number, Continued**

99-5

**Context**

Payroll, related fringe cost and occupancy.

**Effect**

Propriety of allocated cost to respective programs.

**Cause**

Lack of a formally established cost allocation plan.

**Recommendation**

We recommend that in connection with the current financial management system conversion, that a cost allocation plan be implemented.

**Management's Response**

**The Authority** concurs with the recommendation and will incorporate a cost allocation plan with the current computer system conversion.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-6

**Federal Programs**

HUD Annual Contribution Contracts FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to the Annual Contribution Contracts and 24 CFR parts 812, 813, 882, 887 and 982:

"Housing Authorities are required to certify and document rent reasonableness of units leased under the rental certificate program by comparing the rent to rents for comparable unassisted units, including comparable units owned by the same owner".

Furthermore, the CFR states that "at all times during the assisted tenancy, the rent to owner may not exceed the reasonable rent as most recently determined".

**Condition**

Our review of sixteen (16) Section 8 tenant files revealed the absence of certified and/or documented rent reasonableness determination in five (5) instances.

**Questioned Costs**

NONE.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-6

**Context**

Not applicable.

**Effect**

Non-compliance with the requirements of the Annual Contribution Contracts and 24CFR.

**Cause**

Lack of a procedure to ensure the adequate documentation requirements as dictated by 24CFR parts 812, 813, 882, 887 and 982, as applicable.

**Recommendation**

We recommend that **the Authority** re-evaluate its current procedures to ensure that tenant files contain all required documentation relative to rent reasonableness in relation to rents currently being charged for comparable units in the private unassisted market.

**Management's Response**

**The Authority** concurs with the auditors' recommendation.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-7

**Federal Programs**

Annual Contribution Contract FW-1128 (See Schedule of Expenditures of Federal Awards).

**Criteria**

The provisions of 24 CFR part 901 and "PHMAP" handbook 7460.5 regarding the maintenance of supporting documents/records for certification.

**Condition**

Our review of the March 31, 1999 "PHMAP" certification documents prepared and submitted to HUD by **the Authority** revealed the unavailability of documents to support assertions made for all indicators except numbers 7 and 8. We were unable to determine the effect of this condition on **the Authority's** overall "PHMAP" score.

**Questioned Costs**

NONE.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-7

**Context**

Not applicable.

**Effect**

Non-compliance with the provisions and requirements of 24 CFR pertaining to "PHMAP" certification.

**Cause**

Adequacy of record retention process.

**Recommendation**

We recommend that the supporting documentation used in the preparation of the "PHMAP" certification process be maintained on file in accordance with **the Authority's** record retention requirements.

**Management's Response**

**The Authority** concurs with the auditors' recommendation.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-8

**Federal Programs**

*HUD Annual Contribution Contracts FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).*

**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 audit".

**Condition**

Our review of sixteen (16) Section 8 tenant files revealed the following:

- Fourteen (14) instances where the absence of an approved and executed lease or lease addendum (lease addendum for recertified tenants) was noted; and
- Twelve (12) instances where no HAP contract had been executed on behalf of the tenant.

**Questioned Costs**

\$30,711.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-8

**Context**

Not applicable.

**Effect**

Non-compliance with the requirements of the Annual Contribution Contracts.

**Cause**

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

**Recommendation**

We recommend that management of **the Authority** re-evaluate its current procedures with an aim toward ensuring that all lease, leases addenda and owner contracts are processed and executed without exception for all tenants.

**Management's Response**

**The Authority** will undertake the necessary action to ensure that all files contain the required documents.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-9

**Federal Programs**

HUD Annual Contribution Contracts FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**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 sixteen (16) Section 8 tenant files revealed the following:

- Nine (9) instances where there was no documentation to support the units compliance with Housing Quality Standards (HQS) during the audit period; and
- Nine (9) instances where there was no inspection report applicable to the audit period in the tenant's file as part of the recertification process.

It is our understanding based on discussion with management that the inspections were performed by a contractor for **the Authority**.

**Questioned Costs**

\$21,142.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-9

**Context**

Not applicable.

**Effect**

Non-compliance with the requirements of Section 15 of the Annual Contribution Contracts.

**Cause**

Lack of a system in place to ensure completeness of all tenant files.

**Recommendation**

**The Authority** should undertake the necessary action to ensure compliance with the requirements of 24 CFR and its executed Annual Contribution Contract with HUD as it relates specifically to unit inspections by ensuring that its files include all inspections performed.

**Management's Response**

**The Authority** will re-evaluate its current file maintenance process. We anticipate completion by October 31, 1999.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-10

**Federal Programs**

HUD Annual Contribution Contracts FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to the requirements of the Consolidated Annual Contribution Contract and 24 CFR parts 812, 813, 882, 887 and 982, as applicable.

**Condition**

Our review of sixteen (16) Section 8 tenant files revealed the lack of documentation in twelve (12) instances to evidence **the Authority's** re-certification of family income and composition.

**Questioned Costs**

NONE.

**Context**

Not applicable.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-10

**Effect**

Non-compliance with the requirements of the Annual Contribution Contract.

**Cause**

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

**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**

Management concurs with the auditors' recommendation and will institute the necessary procedures to facilitate compliance by no later than November 30, 1999.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-11

**Federal Programs**

HUD Annual Contribution Contracts FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to the requirements of Section 15 of the Consolidated Annual Contribution Contract and the 24 CFR parts 812, 813, 882, 887 and 982, as applicable:

**Condition**

The Housing Assistance Program (HAP) register did not contain the required information such as tenants name, owners name, address, HAP amount, etc.

**Questioned Costs**

NONE.

**Context**

Not applicable.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-11

**Effect**

Non-compliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

Financial system conversion for fiscal year ended March 31, 1999 did not include provision for a HAP report.

**Recommendation**

We recommend that management address the above condition in its current conversion process.

**Management's Response**

The computer modules currently being installed should ensure compliance of the referenced requirements.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-12

**Federal Programs**

HUD programs FW-1128, FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**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**

HUD forms 52599 (Balance Sheet) and 52681 (Year end Settlement Statements) for FW-1128, FW-2191 and FW-2234 were not submitted on a timely basis.

**Questioned Costs**

NONE.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-12

**Context**

Not applicable.

**Effect**

Non-compliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

Conversion process difficulties in the current year.

**Recommendation**

We recommend that the necessary procedures to facilitate the timely submission of Year-end Settlement Statements be incorporated to ensure compliance with the report submission timeline as dictated by HUD.

**Management's Response**

The current financial reporting system should facilitate the timely submission of future reports.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-13

**Federal Programs**

HUD Annual Contribution Contract FW-1128 (See Schedule of Expenditures of Federal Awards).

**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**

Our review of low rent public housing program tenant files revealed the following conditions:

- No application on file for one (1) of seven (7) tenants reviewed to support eligibility for program, order of selection, income and rent calculation.
- Noted the omission of social security information for family members listed on lease agreement for one (1) tenant.

**Questioned Costs**

NONE.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-13

**Context**

Not applicable.

**Effect**

Non-compliance with the requirements of Section 15 of the Consolidated Annual Contribution Contracts.

**Cause**

System of follow-up and file completion process.

**Recommendation**

We recommend that management of **the Authority** evaluate the current procedures to ensure that all files contain all required information and forms to support disbursements made.

**Management's Response**

Again, **the Authority** intends to re-evaluate its file maintenance process with an anticipated completion date of October 31, 1999.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-14

**Federal Programs**

HUD Annual Contribution Contracts FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to the requirements of the Consolidated Annual Contribution Contracts and 24CFR parts 812, 813, 882, 887 and 982:

"Housing Authorities are required to certify each tenant as eligible for rental assistance".

**Condition**

In two (2) of sixteen (16) Section 8 tenant files selected for review, we noted no documentation to support that the participants met the eligibility requirements.

**Questioned Costs**

\$6,403.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-14

**Context**

Not applicable.

**Effect**

Non-compliance with the requirements of 24 CFR and 7465.1 Rev. 2

**Cause**

System of follow-up and participant file maintenance process.

**Recommendation**

We recommend that **the Authority** institute a procedure that will ensure the required quality control processes to minimize, if not eliminate, the above condition.

**Management's Response**

A re-evaluation of the current file maintenance process is anticipated to be completed by October 31, 1999.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-15

**Federal Programs**

HUD Annual Contribution Contracts FW-1128, FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Award).

**Criteria**

OMB Circular A-133 and PIH Notice 96-32 requirements relative to the maintenance of an Internal Control System.

**Condition**

The operation of the internal control system over financial reporting exhibited the following deficiencies:

- Lack of an adequate control system to ensure the timely and accurate recordation of all financial transactions;
- Maintenance of supporting documentation for program expenditures (such as Section 8 payments via ACH);
- Periodic review and reconciliation of significant general ledger accounts for propriety; and.
- At March 31, 1999, interfund activity had an out-of-balance condition of approximately \$28,000.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-15

**Questioned Costs**

NONE.

**Context**

HUD Annual Contribution Contracts FW-1128, FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**Effect**

Deficiencies in the operation of internal control over financial reporting.

**Cause**

Lack of an adequate internal control system.

**Recommendation**

We recommend that management evaluate the operation of **the Authority's** internal controls with an aim towards enhancement of the current system.

**Management's Response**

Management of **the Authority** concurs with the auditors' recommendation.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-16

**Federal Programs**

HUD Annual Contribution Contracts FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to 24 CFR parts 812, 813, 882, 887 and 982 regarding Section 8 program eligibility requirements.

**Condition**

Our review of sixteen (16) Section 8 tenant files revealed thirteen (13) instances in which the tenant files did not contain a HUD Form 50058 to support the tenants continued eligibility.

**Questioned Costs**

NONE.

**Context**

Thirteen of sixteen files reviewed.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-16

**Effect**

Non-compliance with the provisions of 24 CFR.

**Cause**

Weakness in file maintenance system.

**Recommendation**

Management should re-evaluate its current file maintenance system, to facilitate the timely filing of all required documents.

**Management's Response**

Again, management will re-evaluate its file maintenance system by no later than October 31, 1999.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-17

**Federal Programs**

Annual Contribution Contract FW-2234 and FW-2191 (See Schedule of Expenditures of Federal Awards).

**Criteria**

24 CFR parts 813, 913, 882 and 982, as applicable to the determination of income and rent.

**Condition**

Our review of sixteen (16) Section 8 tenant files revealed in nine (9) instances the absence of documentation to support the determination of gross rent and utility allowance by the Authority's personnel.

**Questioned Costs**

NONE.

**Context**

Nine (9) instances of sixteen (16) files reviewed.



**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-17

**Effect**

Non-compliance with requirement of CFR 24 parts, 813, 913, 882, and 982.

**Cause**

Unable to determine.

**Recommendation**

Adherence to the requirements of CFR 24 part 813, 913, 882, and 982 as they relate to the determination of the appropriate rent and HAP payments. This process should include evidence of **the Authority's** determination of the appropriate gross rent and applicable utility allowance.

**Management's Response**

The current computer system coupled with management's intent to re-evaluate **the Authority's** file maintenance system should facilitate adherence to the regulations referenced above.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

99-18

**Federal Programs**

HUD Annual Contribution Contracts FW-1128, FW-2191 and FW-2234 (See Schedule of Expenditures of Federal Award).

**Criteria**

Pursuant to 24 CFR 85.36 and 7460 Rev.-1 of the PIH 96-32:

"The HA must also maintain records in sufficient detail to document each procurement transaction". and

"The HA must perform advance procurement planning to ensure that full and open competition results in quality goods and services obtained at a reasonable price in a timely manner".

**Condition**

We were unable to review documentation to support the procurement for consulting services secured by **the Authority**.

It is our understanding based on discussion with management, that the services were secured through telephone quotes.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 1999**

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**Section III - Federal Award Findings and Questioned Costs**

**Reference Number, CONTINUED**

99-18

**Questioned Costs**

NONE

**Context**

Not applicable.

**Effect**

Non-compliance with the requirements of PIH Notice 96-32.

**Cause**

Lack of a procedure to ensure adequate controls and/or documentation of the procurement process.

**Recommendation**

We recommend that **the Authority** establish adequate procedures to ensure compliance with its procurement requirements. The procedure should ensure the documentation of the basis for all procurement activities.

**Management's Response**

**The Authority** will re-visit with its file maintenance system to ensure that all documents are properly filed.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

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**Section IV - Status of Prior Year's Audit Findings**

<u>REFERENCE NUMBER</u>	<u>DESCRIPTION</u>	<u>STATUS</u>		
		<u>FULLY CORRECTED</u>	<u>PARTIALLY CORRECTED</u>	<u>NOT CORRECTED</u>
98-1	Subsidiary ledgers for tenants accounts receivable and tenant security deposits are not maintained and/or reconciled to the applicable general ledger control accounts.		X	
98-2	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.			X
98-3	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.			X

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

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**Section IV - Status of Prior Year's Audit Findings**

<u>REFERENCE NUMBER</u>	<u>DESCRIPTION</u>	<u>STATUS</u>		
		<u>FULLY CORRECTED</u>	<u>PARTIALLY CORRECTED</u>	<u>NOT CORRECTED</u>
98-4	Our review of fifteen (15) tenant files, revealed no current approved lease addendum for eight (8) files for the audit period.			X
98-5	We noted in an instance, no documentation on file to verify the re-inspection of a failed inspection; and the untimely inspection of a unit.			X
98-6	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.			X

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

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**Section IV - Status of Prior Year's Audit Findings**

<u>REFERENCE NUMBER</u>	<u>DESCRIPTION</u>	<u>STATUS</u>		
		<u>FULLY CORRECTED</u>	<u>PARTIALLY CORRECTED</u>	<u>NOT CORRECTED</u>
98-7	Our review of fifteen (15) tenant files revealed two (2) instances where tenant lease agreements had not been signed by the owner.			X
98-8	A tenant security deposit ledger was not maintained to support the general ledger control balance of tenant security deposits at March 31, 1998.		X	
98-9	Subsidiary ledgers are not maintained and/or reconciled to the applicable general ledger control accounts for significant general ledger accounts.			X
98-10	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 \$3,200.			X

**HOUSING AUTHORITY OF THE CITY OF SLIDELL**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 1999**

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**Section IV - Status of Prior Year's Audit Findings**

<u>REFERENCE NUMBER</u>	<u>DESCRIPTION</u>	<u>STATUS</u>		
		<u>FULLY CORRECTED</u>	<u>PARTIALLY CORRECTED</u>	<u>NOT CORRECTED</u>
98-11	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.		X	
97-1	Accounting for voided checks.	X		
97-2	Out of sequence disbursements.		X	
97-3	Formalized accounting procedure manual.			X
97-5	No documentation regarding unit inspection.		X	
97-8	Authority behind in its leasing schedule.		X	
97-9	Owner contract.		X	

# HOUSING AUTHORITY OF THE CITY OF SLIDELL

## EXIT CONFERENCE

March 31, 1999

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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

- |                      |   |
|----------------------|---|
| Ms. Shelia J. Danzey | - Executive Director<br>(September 3, 1999)               |
| Mr. Marvin Butler    | - Executive Director<br>(Subsequent to September 3, 1999) |

### BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

- |                                  |                        |
|----------------------------------|------------------------|
| Mr. Alcide J. Tervalon, Jr., CPA | - Partner              |
| Mr. Paul K. Andoh, Sr., CPA      | - Senior Manager       |
| Mrs. Latona Thomas               | - In-charge Accountant |