

EISNERAMPER

**HOUSING AUTHORITY OF THE CITY OF
KENNER, LOUISIANA**

FINANCIAL STATEMENTS

JUNE 30, 2023



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activity of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity, of the Housing Authority, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying supplementary information consisting of financial data schedules, the schedule of compensation, benefits and other payments to the executive director, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules, the schedule of compensation, benefits and other payments to the executive director, and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER, LLP
Baton Rouge, Louisiana
December 29, 2023



HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

We, the management of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ended June 30, 2023. This focuses on the primary government and represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The Housing Authority is participating in the Rental Assistance Demolition (RAD) program established by Department of Housing and Urban Development (HUD) is in the process of RAD conversion for all of its public housing units.
- In August 2021, Hurricane Ida left residents and properties of the Housing Authority with widespread damage. Many of the roofs of the Housing Authority's properties sustained wind damage and the 58 units at Glenwood had structural damage. After year end, the Glenwood property was demolished. During the year ended June 30, 2023, the Housing Authority received approximately \$1.2 million in insurance proceeds related to the hurricane damage. As of June 30, 2023, roof repairs of approximately \$442,000 have been made on the damaged units. There are approximately 20 units still awaiting repairs. The associated revenues and expenses related to the hurricane damage are considered non-operating while the expenditures related to asbestos removal (remediation costs noted in the prior fiscal year) was deemed a special item and was separately presented in the prior year financial statements.
- The Housing Authority's net position increased by \$940,419 during 2023 and totaled approximately \$6.8 million and \$5.8 million for 2023 and 2022, respectively.
- Operating revenues decreased by approximately \$280,000 during 2023 and were approximately \$8.1 million and \$8.4 million for 2023 and 2022, respectively.
- Operating expenses of all Housing Authority programs increased by approximately \$87,000. Total expenses were approximately \$8.8 million and \$8.7 million for 2023 and 2022, respectively.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's financial statements are comprised of two components: 1) basic financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The *Statement of Revenue, Expenses, and Changes in Net Position* presents information detailing how the Housing Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *Statement of Cash Flows* provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development ("HUD") and dwelling rentals.

HOUSING AUTHORITY'S SIGNIFICANT PROGRAMS

The Housing Authority has several programs that are consolidated into a single enterprise fund. The Housing Authority's significant programs consist of the following:

Conventional Public Housing - Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contribution Contract ("ACC") with HUD, and HUD provides an Operating Subsidy and Capital Grant funding to enable the Housing Authority to provide housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program which is the primary funding source for physical and management improvements to the Housing Authority's properties.

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Housing Authority administers contracts with independent landlords that own the property. The Housing Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

AUTHORITY-WIDE STATEMENTS

Condensed Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

The following table reflects the Condensed Statements compared to the prior year. The Authority is engaged only in Business - Type Activities.

CONDENSED STATEMENT OF NET POSITION

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Assets:			
Current and Restricted Assets	2,828,847	2,513,113	315,734
Capital Assets	<u>4,113,775</u>	<u>3,892,729</u>	<u>221,046</u>
Total Assets	6,942,622	6,405,842	536,780
Liabilities:			
Current Liabilities	92,745	567,452	(474,707)
Non-Current Liabilities	<u>87,635</u>	<u>16,567</u>	<u>71,068</u>
Total Liabilities	180,380	584,019	(403,639)
Net Position:			
Investment in Capital Assets	4,113,775	3,892,729	221,046
Restricted	-	216,954	(216,954)
Unrestricted	<u>2,648,467</u>	<u>1,712,140</u>	<u>936,327</u>
Total Net Position	<u>\$ 6,762,242</u>	<u>\$ 5,821,823</u>	<u>\$ 940,419</u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Operating Revenue:			
Tenant Rental Revenue	192,797	188,913	3,884
Operating Grants	7,861,058	7,734,695	126,363
Other Revenue	<u>32,698</u>	<u>443,260</u>	<u>(410,562)</u>
Total Operating Revenue	<u>\$ 8,086,553</u>	<u>\$ 8,366,868</u>	<u>\$ (280,315)</u>
Operating Expenses:			
Housing Assistance and Protability Payments	6,706,705	6,721,777	(15,072)
Administrative	1,125,107	1,034,122	90,985
General and Insurance Expense	465,984	437,115	28,869
Depreciation	188,320	186,910	1,410
Maintenance and Operations	282,642	295,541	(12,899)
Utilities	<u>60,482</u>	<u>66,486</u>	<u>(6,004)</u>
Total Operating Expenses	<u>\$ 8,829,240</u>	<u>\$ 8,741,951</u>	<u>\$ 87,289</u>

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Non-Operating Revenue and Expense:			
Capital Grants	94,191	-	94,191
Insurance Proceeds	2,030,531	3,191,816	(1,161,285)
Casualty Loss	<u>(441,616)</u>	<u>(203,633)</u>	<u>(237,983)</u>
Total Non-Operating Revenues Over Expenses	<u>\$ 1,683,106</u>	<u>\$ 2,988,183</u>	<u>\$ (1,305,077)</u>
Special Item - remediation costs	-	(1,346,769)	1,346,769
Change in Net Position	<u>\$ 940,419</u>	<u>\$ 1,266,331</u>	<u>\$ (325,912)</u>

During the year ended June 30, 2023, the Housing Authority received approximately \$1.2 million in insurance proceeds related to hurricane damage which is being utilized to make repairs to housing units. As of June 30, 2023, roof repairs of approximately \$442,000 have been made on the damaged units.

CAPITAL ASSETS AT YEAR-END

	<u>2023</u>	<u>2022</u>
Land	\$ 2,486,488	\$ 2,486,488
Buildings and Improvements	10,432,410	10,004,128
Furniture and Equipment	40,110	59,026
Construction in Progress	100,000	100,000
Accumulated Depreciation	<u>(8,945,233)</u>	<u>(8,756,913)</u>
Capital Assets, Net	<u>\$ 4,113,775</u>	<u>\$ 3,892,729</u>

CHANGES IN CAPITAL ASSETS

The following reconciliation summarizes the changes in Capital Assets.

Beginning Balance, July 1, 2022	\$ 3,892,729
Additions:	
Roof replacements	409,336
Depreciation Expense	<u>(188,320)</u>
Ending Balance, June 30, 2023	<u>\$ 4,113,775</u>

Capitalized assets additions during the fiscal year were a direct result of the Hurricane Ida damage. There was no impairment to the net book value of the Housing Authority's assets as the assets damaged were fully depreciated due to the age of the units.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other costs
- Unanticipated natural disasters

FINANCIAL CONTACT

This financial report is designed to provide our residents, the citizens of Kenner, and federal and state regulatory bodies with a general overview of the Housing Authority of the City of Kenner's finances as of June 30, 2023. The individual to be contacted regarding this report is Mr. Barry Bordelon, Executive Director, Housing Authority of the City of Kenner, at 1003 3rd Street, Kenner, Louisiana 70065.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>2023</u>
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	\$ 2,459,788
Restricted cash	38,902
Certificates of deposit	
Receivables, net	135,995
Prepaid expenses	194,162
Total current assets	<u>2,828,847</u>
<u>NON-CURRENT ASSETS</u>	
Capital assets, net	4,113,775
Total noncurrent assets	<u>4,113,775</u>
Total assets	<u>\$ 6,942,622</u>
<u>CURRENT LIABILITIES</u>	
Accounts payable	\$ 43,654
Accrued compensated absences	31,114
Tenant security deposits	17,498
Other liabilities	479
Total current liabilities	<u>92,745</u>
<u>NONCURRENT LIABILITIES</u>	
Accrued compensated absences	<u>87,635</u>
Total noncurrent liabilities	<u>87,635</u>
Total liabilities	<u>180,380</u>
<u>NET POSITION</u>	
Investment in capital assets	4,113,775
Unrestricted	<u>2,648,467</u>
Total net position	<u>\$ 6,762,242</u>

The accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>
Operating Revenues	
Dwelling rent	\$ 192,797
Operating grants	7,861,058
Other revenue	32,698
	<hr/>
Total operating revenues	8,086,553
	<hr/>
Operating Expenses	
Housing assistance and portability payments	6,706,705
Administrative	1,125,107
General and Insurance	465,984
Depreciation	188,320
Maintenance and operations	282,642
Utilities	60,482
	<hr/>
Total operating expenses	8,829,240
	<hr/>
Operating income (loss)	(742,687)
Non-operating Revenues and Expenses	
Capital grants	94,191
Other expenses - Casualty Loss, Non Capitalized	(441,616)
Other income - insurance proceeds	2,030,531
	<hr/>
Total non-operating revenue	1,683,106
	<hr/>
Change in net position	940,419
<u>NET POSITION AT BEGINNING OF YEAR</u>	<hr/> 5,821,823
<u>NET POSITION AT END OF YEAR</u>	<hr/> \$ 6,762,242 <hr/>

The accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Dwelling rent receipts	\$ 81,057
Operating grants	7,695,478
Other receipts	29,465
Payments to vendors	(1,158,607)
Payments to employees	(1,047,798)
Housing assistance payments	(6,706,705)
Net cash used in operating activities	<u>(1,107,110)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Capital grants received	94,191
Acquisition of capital assets	(409,366)
Proceeds from insurance	2,030,531
Remediation costs associated with Hurricane Ida	(441,616)
Net cash provided by capital and related financing activities	<u>1,273,740</u>
Net increase in cash and cash equivalents	166,630
Cash and cash equivalents, beginning of year	2,332,060
Cash and cash equivalents, end of year	<u>\$ 2,498,690</u>

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (742,687)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	
Depreciation	188,320
Changes in assets and liabilities	
Accounts receivable, net	(111,740)
Prepaid expenses and other assets	(37,364)
Accounts payable	(307,508)
Accrued wages and payroll taxes	(12,397)
Accrued compensated absences	89,706
Tenant security deposits	(3,233)
Unearned revenues	(165,580)
Other liabilities	(4,627)
Net cash used in operating activities	<u>\$ (1,107,110)</u>

RECONCILIATION TO STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents	\$ 2,459,788
Restricted cash	38,902
Total cash and cash equivalents and restricted cash	<u>\$ 2,498,690</u>

The accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Housing Authority of the City of Kenner (the "Housing Authority") is a separate municipal corporation with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Housing Authority has complete legislative and administrative authority and it recruits and employs personnel. The Housing Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from the U.S. Department of Housing and Urban Development ("HUD"). The Housing Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Housing Authority are a separate reporting entity as reflected in this report. The Housing Authority is responsible for its debts and is entitled to surpluses. There are no component units.

BASIS OF PRESENTATION AND FUNDS

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Housing Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Codification.

The Housing Authority has multiple programs which are accounted for in one proprietary enterprise fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Enterprise Fund is accounted for on the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. With this measurement focus, all assets, liabilities, and deferred outflows/inflows of resources of the Enterprise Fund are included on the statement of net position.

The Enterprise Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Housing Authority's policy, governmental grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits and other financial instruments having an original maturity of ninety days or less, and cash held by the fiscal agent.

ACCOUNTS RECEIVABLE

Receivables are reported at the amount considered by management to be collectible and consist of amounts due from HUD, tenants, and former tenants.

Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

CAPITAL ASSETS

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the Statement of Revenues, Expenses, and Changes in Net Position. Estimated useful lives are as follows:

Buildings and Improvements	15 - 40 years
Furniture and Equipment	3 - 7 years

TENANTS' REFUNDABLE SECURITY DEPOSITS

The Housing Authority requires tenants to place a deposit before moving into a unit. These deposits are considered restricted and are held until the tenant moves out.

REVENUE

Dwelling rent income, HUD grants received for operations, other operating fund grants, and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COST ALLOCATION PLAN

The Housing Authority utilizes a Cost Allocation Plan. The Housing Authority allocates indirect costs to programs on the basis of one of the following methods: direct salaries and wages, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed, or the allotment stipulated in contractual agreements.

COMPENSATED ABSENCES

At June 30, 2023, employees of the Housing Authority had accumulated and vested employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities. The cost of leave privileges expecting to require current resources is considered a current obligation, while the cost of leave privileges not requiring current resources is considered a long-term obligation. All employees, except the Executive Director, receive seven days of paid vacation and five days of sick leave per year up to five years of service. Employees with six or more years of service receive fifteen days of paid vacation and ten sick days per year. No employee can carry over more than thirty days of sick leave or thirty days of vacation leave. When an employee retires or is terminated, they are paid for up to thirty days of sick leave and thirty days of vacation leave. The Executive Director receives twenty days of vacation leave and fifteen days of sick leave annually. There is no limit on leave that can be carried over from year to year. The Executive Director may sell a portion of his accumulated leave up to twenty days with approval from the Chairman of the Board. Upon termination or resignation, the Executive Director shall be compensated for all accrued unused vacation and sick leave.

RESTRICTED NET POSITION

Net position is reported as restricted when constraints placed on use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use. It is the Housing Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

RISK MANAGEMENT

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health insurance. The Housing Authority has not had any significant reductions in insurance coverage.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LEASES

All leases are short term and do not meet the recognition criteria under GASB 87.

2. DEPOSITS

Custodial Credit Risk - The Housing Authority policy is to limit credit risk by adherence to the list of HUD-permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

The Housing Authority's cash and cash equivalents consist of cash held in interest bearing checking accounts, with varying rates, totaling \$2,736,587 at June 30, 2023.

Deposit balances (bank balances) at June 30, 2023, are secured as follows:

FDIC Insured	\$ 250,000
Collateralized by pledging bank in Housing Authority's name	<u>2,486,587</u>
Total insured and collateralized balance	<u>\$ 2,736,587</u>

As of June 30, 2023, the Housing Authority's total bank balances were fully insured and collateralized with the securities held in the name of the Housing Authority by the pledging financial institution's agent and, therefore, they were not exposed to custodial credit risk.

3. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable, net of allowance for doubtful accounts at June 30, 2023:

	<u>Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
RAD receivables	\$ 53,138	\$ -	\$ 53,138
Portability receivables	25,520	(1,029)	24,491
Tenant rent receivables	4,467	(1,190)	3,227
Tenant repayment agreement	37,567	(37,567)	-
HAP – HCV receivables	54,265	-	54,265
Landlords' receivables	<u>19,712</u>	<u>(18,888)</u>	<u>824</u>
Total Accounts receivable, net	<u>\$ 194,669</u>	<u>\$ (58,674)</u>	<u>\$ 135,995</u>

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Summaries of capital assets as of June 30, 2023, and activity for the fiscal year then ended are as follows:

	July 1, 2022			June 30, 2023
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Land	\$ 2,486,488	\$ -	\$ -	\$ 2,486,488
Construction in progress	100,000	-	-	100,000
Total assets not being depreciated	2,586,488	-	-	2,586,488
Buildings and improvements	10,023,044	409,366	-	10,432,410
Furniture and equipment	40,110	-	-	40,110
Total capital assets	12,649,642	409,366	-	13,059,008
Less: Accumulated depreciation	<u>(8,756,913)</u>	<u>(188,320)</u>	<u>-</u>	<u>(8,945,223)</u>
Total Capital Assets, net	<u>\$ 3,892,729</u>	<u>\$ 221,046</u>	<u>\$ -</u>	<u>\$ 4,113,775</u>

5. ACCOUNTS PAYABLE

Accounts payable on June 30, 2023, consisted of trade payables in the amount of \$43,654 for the Housing Authority.

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance at			Balance at	Current
	<u>July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2023</u>	<u>Portion</u>
Accrued Compensated Absences	\$ 29,043	\$ 114,732	\$ (25,026)	\$ 118,749	\$ 31,114

7. INSURANCE CLAIM PROCEEDS AND CONSIDERATION OF IMPAIRMENT

In August 2021, Hurricane Ida devastated parts of southeast Louisiana including the City of Kenner and surrounding areas. Winds approaching Category 3 strength, left residents and properties with widespread damage. Many of the roofs of the Housing Authority's properties sustained wind damage and the 58 units at Glenwood had structural damage. After year end the Glenwood property was demolished. During the year ended June 30, 2023, the Housing Authority received approximately \$1.2 million in insurance proceeds related to the hurricane damage which is included in non-operating income on the statement of revenues, expenses, and changes in net position. As of June 30, 2023, roof repairs of approximately \$442,000 have been made on the damaged units.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. RETIREMENT SYSTEM

The Housing Authority provides retirement benefits for all of its eligible full-time employees through the Housing Renewal and Local Agency Retirement Plan which is governed by a separate Board. The plan is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Housing Authority contributes 6.8% of the eligible employees' base salaries. Employees are required to contribute 5% of their annual covered salary to the plan. Contributions and allocated investment earnings are fully vested after 5 years of continuous service. During 2023, the Housing Authority made the required contributions in the amount of \$27,063.

9. COMMITMENTS AND CONTINGENCIES

The Housing Authority participates in several federal grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. Housing Authority management believes that the amounts of disallowances, if any, which may arise from future audits will not be material.

In June 2022, the State Bond Commission approved Louisiana Housing Authority's (LHA) issuance of \$24 million for the demolition and reconstruction of the Glenwood property on behalf of the Housing Authority. The Housing Authority has not executed any agreements with the LHA as of the date of this report. The Housing Authority expects to close in January 2024 at which time the bonds will be issued.

10. ECONOMIC DEPENDENCY

The Department of Housing and Urban Development provided \$7,813,769 to the Housing Authority which represents approximately 82% of the Housing Authority's total revenue for the year.

11. CURRENT YEAR ADOPTION OF NEW STANDARD

The Housing Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Arrangements (SBITA). Under this statement, SBITA, as defined, are financings of the right to use an underlying asset. SBITA liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the term if reasonably certain to be exercised. The right to use asset may be include certain implementation costs. The implementation of GASB Statement No. 96 did not require the Housing Authority to report SBITA assets or liabilities as there were no SBITAs identified and therefore no impact to the current year financial statements.

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,207,828	\$251,960	\$2,459,788		\$2,459,788
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits	\$38,902		\$38,902		\$38,902
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$2,246,730	\$251,960	\$2,498,690		\$2,498,690
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects		\$54,265	\$54,265		\$54,265
124 Accounts Receivable - Other Government		\$25,520	\$25,520		\$25,520
125 Accounts Receivable - Miscellaneous	\$63,505	\$45,879	\$109,384		\$109,384
126 Accounts Receivable - Tenants	\$4,467	\$0	\$4,467		\$4,467
126.1 Allowance for Doubtful Accounts -Tenants	-\$1,186	\$0	-\$1,186		-\$1,186
126.2 Allowance for Doubtful Accounts - Other	-\$10,367	-\$46,089	-\$56,456		-\$56,456
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$56,419	\$79,575	\$135,994		\$135,994
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$192,497	\$1,665	\$194,162		\$194,162
143 Inventories					

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$12,173	\$0	\$12,173		\$12,173
145 Assets Held for Sale					
150 Total Current Assets	\$2,507,819	\$333,200	\$2,841,019		\$2,841,019
161 Land	\$2,475,572	\$10,916	\$2,486,488		\$2,486,488
162 Buildings	\$10,317,299	\$115,111	\$10,432,410		\$10,432,410
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$40,110		\$40,110		\$40,110
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$8,849,454	-\$95,779	-\$8,945,233		-\$8,945,233
167 Construction in Progress	\$100,000		\$100,000		\$100,000
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,083,527	\$30,248	\$4,113,775		\$4,113,775
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$4,083,527	\$30,248	\$4,113,775		\$4,113,775
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$6,591,346	\$363,448	\$6,954,794		\$6,954,794

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$1,804	\$41,850	\$43,654		\$43,654
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion	\$28,624	\$2,490	\$31,114		\$31,114
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$17,498		\$17,498		\$17,498
342 Unearned Revenue	\$345		\$345		\$345
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$132		\$132		\$132
347 Inter Program - Due To		\$12,173	\$12,173		\$12,173
348 Loan Liability - Current					
310 Total Current Liabilities	\$48,403	\$56,513	\$104,916		\$104,916
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current	\$65,726	\$21,909	\$87,635		\$87,635
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$65,726	\$21,909	\$87,635		\$87,635
300 Total Liabilities	\$114,129	\$78,422	\$192,551		\$192,551
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$4,083,527	\$30,248	\$4,113,775		\$4,113,775
511.4 Restricted Net Position					
512.4 Unrestricted Net Position	\$2,393,690	\$254,778	\$2,648,468		\$2,648,468
513 Total Equity - Net Assets / Position	\$6,477,217	\$285,026	\$6,762,243		\$6,762,243
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$6,591,346	\$363,448	\$6,954,794		\$6,954,794

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$178,768		\$178,768		\$178,768
70400 Tenant Revenue - Other	\$14,029		\$14,029		\$14,029
70500 Total Tenant Revenue	\$192,797	\$0	\$192,797		\$192,797
70600 HUD PHA Operating Grants	\$516,112	\$7,344,946	\$7,861,058		\$7,861,058
70610 Capital Grants	\$94,191		\$94,191		\$94,191
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$13,802	\$2,796	\$16,598		\$16,598
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$16,104	\$16,104		\$16,104
71500 Other Revenue	\$2,030,531		\$2,030,531		\$2,030,531
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$2,847,433	\$7,363,846	\$10,211,279		\$10,211,279
91100 Administrative Salaries	\$239,081	\$48,554	\$287,635		\$287,635

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
91200 Auditing Fees	\$2,610	\$25,190	\$27,800		\$27,800
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$155	\$26	\$181		\$181
91500 Employee Benefit contributions - Administrative	\$77,480	\$19,773	\$97,253		\$97,253
91600 Office Expenses	\$31,066	\$563,908	\$594,974		\$594,974
91700 Legal Expense	\$9,256	\$12,450	\$21,706		\$21,706
91800 Travel	\$6,226	\$2,483	\$8,709		\$8,709
91810 Allocated Overhead					
91900 Other	\$22,626	\$64,223	\$86,849		\$86,849
91000 Total Operating - Administrative	\$388,500	\$736,607	\$1,125,107		\$1,125,107
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$0	\$0		\$0
93100 Water	\$15,743		\$15,743		\$15,743
93200 Electricity	\$20,129		\$20,129		\$20,129
93300 Gas	\$4,735		\$4,735		\$4,735
93400 Fuel					
93500 Labor					
93600 Sewer	\$19,875		\$19,875		\$19,875
93700 Employee Benefit Contributions - Utilities					

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
93800 Other Utilities Expense					
93000 Total Utilities	\$60,482	\$0	\$60,482		\$60,482
94100 Ordinary Maintenance and Operations - Labor	\$146,880		\$146,880		\$146,880
94200 Ordinary Maintenance and Operations - Materials and	\$28,214		\$28,214		\$28,214
94300 Ordinary Maintenance and Operations Contracts	\$34,315		\$34,315		\$34,315
94500 Employee Benefit Contributions - Ordinary Maintenance	\$66,733		\$66,733		\$66,733
94000 Total Maintenance	\$276,142	\$0	\$276,142		\$276,142
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0		\$0
96110 Property Insurance	\$165,325		\$165,325		\$165,325
96120 Liability Insurance	\$1,989		\$1,989		\$1,989
96130 Workmen's Compensation	\$8,505	\$6,800	\$15,305		\$15,305
96140 All Other Insurance	\$58,464		\$58,464		\$58,464
96100 Total insurance Premiums	\$234,283	\$6,800	\$241,083		\$241,083
96200 Other General Expenses		\$93,219	\$93,219		\$93,219
96210 Compensated Absences	\$95,448	\$16,010	\$111,458		\$111,458
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$20,225		\$20,225		\$20,225
96500 Bad debt - Mortgages	\$0		\$0		\$0

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$115,673	\$109,229	\$224,902		\$224,902
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0		\$0
96900 Total Operating Expenses	\$1,075,080	\$852,636	\$1,927,716		\$1,927,716
97000 Excess of Operating Revenue over Operating Expenses	\$1,772,353	\$6,511,210	\$8,283,563		\$8,283,563
97100 Extraordinary Maintenance	\$6,500		\$6,500		\$6,500
97200 Casualty Losses - Non-capitalized	\$438,016	\$3,600	\$441,616		\$441,616
97300 Housing Assistance Payments		\$6,706,705	\$6,706,705		\$6,706,705
97350 HAP Portability-In					
97400 Depreciation Expense	\$183,812	\$4,508	\$188,320		\$188,320
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,703,408	\$7,567,449	\$9,270,857		\$9,270,857
10010 Operating Transfer In					
10020 Operating transfer Out	\$0		\$0		\$0

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In	\$94,191		\$94,191		\$94,191
10094 Transfers between Project and Program - Out	-\$94,191		-\$94,191		-\$94,191
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$1,144,025	-\$203,603	\$940,422		\$940,422
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$5,333,192	\$488,629	\$5,821,821		\$5,821,821
11040 Prior Period Adjustments, Equity Transfers and		\$0	\$0		\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$256,546	\$256,546		\$256,546
11180 Housing Assistance Payments Equity		\$28,480	\$28,480		\$28,480

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
11190 Unit Months Available	909	16152	17061		17061
11210 Number of Unit Months Leased	632	9203	9835		9835
11270 Excess Cash	\$2,177,329		\$2,177,329		\$2,177,329
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$409,367		\$409,367		\$409,367
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0		\$0
11650 Leasehold Improvements Purchases	\$0		\$0		\$0
11660 Infrastructure Purchases	\$0		\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0		\$0

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

**SCHEDULE OF COMPENSATION , BENEFITS, AND OTHER
PAYMENTS TO THE EXECUTIVE DIRECTOR
FOR THE YEAR ENDED JUNE 30, 2023**

Barry Bordelon, Executive Director

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 178,890
Car allowance	10,500
Phone allowance	1,750
Total	<u>\$ 191,140</u>

See accompanying independent auditors' report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated December 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER, LLP
Baton Rouge, Louisiana
December 29, 2023

EISNERAMPER
LLP



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Housing Authority of the City of Kenner, Louisiana's (the "Housing Authority") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2023. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER, LLP
Baton Rouge, Louisiana
December 29, 2023

EISNERAMPER
LLP



HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Assistance Listing	Federal Expenditures	Amounts Provided to Sub-recipients
U.S. Department of Housing and Urban Development			
Public and Indian Housing	14.850	\$ 516,112	\$ -
COVID-19 CARES - Public and Indian Housing	14.850	-	-
		<u>516,112</u>	<u>-</u>
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	7,344,946	-
Total Housing Voucher Cluster		<u>7,344,946</u>	<u>-</u>
Public Housing Capital Fund (CFP)	14.872	94,191	-
		<u>94,191</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development		<u>7,955,249</u>	<u>-</u>
Total Expenditures of Federal Awards		<u>\$ 7,955,249</u>	<u>\$ -</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's financial statements for the year ended June 30, 2023.

NOTE 2: PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Housing Authority's portion, are more than shown. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: LOANS

The Housing Authority did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2023.

NOTE 4: FEDERALLY FUNDED INSURANCE

The Housing Authority has no federally funded insurance.

NOTE 5: NONCASH ASSISTANCE

The Housing Authority did not receive any federal noncash assistance for the year ended June 30, 2023.

NOTE 6: INDIRECT COST RATE

The Housing Authority did not elect to use the 10 percent (10%) de minimis indirect cost rate.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA SUMMARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|------------------------|
| 1. Type of auditors' report issued on compliance for major programs | |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 4. Identification of the major programs: | |
| Name of Federal Awards (or Cluster) | Assistance Listing No. |
| Housing Voucher Cluster | 14.871 |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | No |

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA SUMMARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2023.

C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

There were no findings related to compliance and other matters for the year ended June 30, 2023.

D. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM

There were no findings or questioned costs related to the major federal award program for the year ended June 30, 2023.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA SUMMARY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2022

E. PRIOR AUDIT FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2022.

F. PRIOR AUDIT FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

There were no findings related to compliance and other matters for the year ended June 30, 2022.

G. PRIOR AUDIT FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM

There were no findings or questioned costs related to the major federal award program for the year ended June 30, 2022.

EISNERAMPER

**HOUSING AUTHORITY OF THE CITY OF
KENNER, LOUISIANA**

**REPORT ON STATEWIDE
AGREED-UPON PROCEDURES on
COMPLIANCE and CONTROL AREAS**

FOR THE YEAR ENDED JUNE 30, 2023



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To Barry Bordelon, Executive Director and Board of Commissioners
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Housing Authority of the City of Kenner, Louisiana (the entity) management is responsible for those C/C areas identified in the SAUPs.

The entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



EISNERAMPER, LLP
Baton Rouge, Louisiana
December 29, 2023

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 13 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The entity has a written policy for budgeting; however, the policy does not contain a procedure for amending the budget. Preparing, adopting, and monitoring the budget were included in the budgetary policies and procedures.

ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

iii. ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The entity has a written policy for contracting; however, the policy does not contain the following attributes for items (2) standard terms and conditions or (3) a legal review. The policy did contain attributes (1), (2), (4) and (5).

- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The entity has a written policy governing ethics; however, the policy does not contain the attribute for item (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy. The policy did contain attributes (1), (2), and (3).

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The entity does not issue debt and thus does not have a policy in place for debt services.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity has a written policy covering information technology disaster recovery; however, the policy does not contain the following attributes for items (3) periodic testing/verification that backups can be restored or (6) identification of personnel, processes, and tools needed to recover operations after a critical event. The policy did contain attributes (1), (2) (4), and (5).

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The entity has a written policy covering sexual harassment; however, the policy does not contain the following attributes for items (2) annual employee training or (3) annual reporting. The policy did contain attribute (1).

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

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

No exception noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The minutes did not make reference to budget to actual comparisons for two of the four quarters during the fiscal year.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The entity accounts for its activities under a proprietary fund. Therefore, this attribute did not apply and was not performed.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exception noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of 4 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the operating account and 3 other accounts and obtained the bank reconciliations for the month ending June 30, 2023, resulting in 4 bank reconciliations obtained and subjected to the below procedures.

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

No exceptions noted.

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

No exceptions noted.

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

Of the 4 bank accounts selected, 2 bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4A was provided and included a total of 2 collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. Employees responsible for cash collections do not share cash drawers/registers;

Public housing case workers responsible for cash collections also share the same cash drawer.

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

Public housing case workers are responsible for the collection of cash and preparing and making bank deposits. Accounting personnel are responsible for reconciling the bank account deposit with supporting documentation obtained from the case worker.

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

No exceptions noted.

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

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Entity personnel with access to cash are not bonded and/or covered under the entity's insurance policy.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 4 bank accounts selected in procedure #3A. We obtained supporting documentation for each of the 8 deposits and performed the procedures below.

- i. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

For 2 deposits selected we noted the deposit was not made within one business day.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

5) *Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 locations and performed the procedures below.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #5A was provided. We noted that the entity has no written policies or procedures that properly segregate duties as described.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

For each transaction tested the employee involved in initiating a purchase request, approving a purchase, and placing an order/making are the same employee. However, vendor payments are authorized by the Executive Director and approved through his execution of a signed check.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

We noted that the employee responsible for processing payments is not prohibited from adding/modifying vendor files, additionally, no other employee is responsible for periodically reviewing changes to the vendor files.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

No exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

We randomly selected all transactions for 2 of the 5 cards selected in procedures #12 (1 card with no transactions, 2 fuel cards) and performed the specified procedures. No exceptions noted.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Of the 5 reimbursements selected for our procedures, 2 used a per diem. No exceptions noted.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by “Written Policies and Procedures”, procedure #1A(vii); and

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

For 2 of the 5 reimbursements selected for our procedures, there was no supporting documentation detailing the reimbursement was reviewed and approved. For 1 of the 5 reimbursement selected for our procedures the documentation provided showed the same person approving and receiving the reimbursement.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

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From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions noted.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We randomly selected 1 payment for the 5 contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #9A.

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- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions noted.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
No exceptions noted.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
No exceptions noted.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
No exceptions noted.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure. Note only 1 employee was terminated during the fiscal period.*
- From the listing provided, we randomly selected 1 employees/officials and performed the specified procedures. There was no documentation evidencing the termination payments were approved by management and the payment exceeded the maximum hour payout per the Entity's policy and procedures.*
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

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10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure “Payroll and Personnel” procedure #9A, above obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
No exceptions noted.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.
No exceptions noted.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
The entity did not appoint an ethics designee as required by R.S. 42:1170.

11) Debt Service

- A. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.
The entity had no outstanding debt during the fiscal year. Therefore, this procedure was not performed.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
The entity had no outstanding debt during the fiscal year. Therefore, this procedure was not performed.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
Management represented that there were no misappropriations of public funds and assets during the fiscal period.

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- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from “Payroll and Personnel” procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

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- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions noted.

- ii. Number of sexual harassment complaints received by the agency;

No exceptions noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions noted.

- v. Amount of time it took to resolve each complaint.

No exceptions noted.

**KENNER HOUSING AUTHORITY
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2023**

Schedule B

The Kenner Housing Authority (The Entity) provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

Written Policies & Procedures

Management will review and consider the policy revisions as suggested with its governing board and determine if revisions are deemed necessary.

Board or Finance Committee

Management expects to provide, at a minimum, on a quarterly basis, to the governing board budget to actual comparisons going forward.

Bank Reconciliations

Management will review the outstanding checks greater than twelve months and properly research their disposition by June 30, 2024.

Collections

The amount of cash collected is minimal to the operations of the Housing Authority. However, management will review its current procedures to determine if changes can be made with the limited staffing of the organization.

Non-Payroll Disbursements

Management believes that due to the limit staffing of the organization, the approval by the Executive Director mitigates the risk of misappropriation of assets.

Travel & Travel Related Expense Reimbursements

Management believes that due to the limit staffing of the organization, the approval by the Executive Director mitigates the risk of misappropriation of assets.

Ethics

Management will appoint and have the Board of Directors approve an ethics designee as soon as possible.