

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

## CONTENTS

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1 – 3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4 – 7
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11 – 17
<b>SUPPLEMENTARY INFORMATION</b>	
Financial Data Schedules	18 – 24
Schedule of Compensation, Benefits, and Other Payments to the Executive Director	25
<b>SINGLE AUDIT SECTION</b>	
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 <i>Government Auditing Standards</i>	26 – 27
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	28 – 29
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
Schedule of Findings and Questioned Costs	32 – 33
Summary Schedule of Prior Audit Findings	34

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority, as of June 30, 2021, 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.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Executive Director and Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to the Executive Director, Financial Data Schedules, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the Executive Director, Financial Data Schedule, and Schedule of Expenditures of Federal Awards, are 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 March 31, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 31, 2022

# HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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, 2021. 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's net position decreased by \$234,779 during 2021, and was approximately \$4.8 million and \$4.6 million for 2020 and 2021, respectively.
- Revenues decreased by approximately \$423,000 during 2021, and were approximately \$10.8 million and \$10.4 million for 2020 and 2021, respectively.
- The total expenses of all Housing Authority programs decreased by approximately \$77,000. Total expenses were approximately \$10.7 million and \$10.6 million for 2020 and 2021, 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.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2021**

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 many 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 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 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.

**AUTHORITY-WIDE STATEMENTS**

**Condensed Statement of Net Position**

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

**CONDENSED STATEMENT OF NET POSITION**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Assets:			
Current and Restricted Assets	\$ 1,189,817	\$ 1,368,517	\$ (179,700)
Capital Assets	3,648,278	3,788,778	(140,500)
Total Assets	<u>\$ 4,838,095</u>	<u>\$ 5,157,295</u>	<u>\$ (319,200)</u>
Liabilities:			
Current Liabilities	\$ 254,604	\$ 307,684	\$ (53,080)
Non-Current Liabilities	3,899	35,240	(31,341)
Total Liabilities	<u>\$ 258,503</u>	<u>\$ 342,924</u>	<u>\$ (84,421)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2021**

CONDENSED STATEMENT OF NET POSITION

(continued)

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Net Position:			
Net Investment in Capital Assets	\$ 3,648,278	\$ 3,788,778	\$ (140,500)
Restricted	363,966	338,017	25,949
Unrestricted	<u>567,348</u>	<u>687,576</u>	<u>(120,228)</u>
Total Net Position	<u>\$ 4,579,592</u>	<u>\$ 4,814,371</u>	<u>\$ (234,779)</u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenue:			
Tenant Rental Revenue	\$ 246,189	\$ 234,971	\$ 11,218
Operating Grants	10,028,847	10,327,585	(298,739)
Capital Grants	-	100,001	(100,001)
Other Revenue	<u>77,926</u>	<u>113,718</u>	<u>(35,792)</u>
Total Revenue	<u>\$ 10,352,962</u>	<u>\$ 10,776,275</u>	<u>\$ (423,313)</u>
Expenses:			
Housing Assistance and Portability Payments	\$ 8,571,907	\$ 8,972,867	\$ (400,960)
Administrative	1,030,013	758,682	271,331
General Expense	413,873	407,094	6,779
Depreciation	190,745	193,982	(3,237)
Maintenance and Operations	294,007	253,796	40,211
Utilities	<u>87,196</u>	<u>78,505</u>	<u>(8,691)</u>
Total Expenses	<u>\$ 10,587,741</u>	<u>\$ 10,664,926</u>	<u>\$ (77,185)</u>
Change in net position	<u>\$ (234,779)</u>	<u>\$ 111,349</u>	<u>\$ (346,128)</u>

The Covid-19 pandemic has continued to impact occupancy of housing units resulting in a continued decline in HAP assistance revenue, and therefore, housing assistance payments also declined, since June 30, 2020, through June 30, 2021. Administrative expenses increased as the Housing Authority transitioned from in-house operations of its Section 8 program to utilizing an outside third-party consultant manage this program.

CAPITAL ASSETS AT YEAR-END

	<u>2021</u>	<u>2020</u>
Land	\$ 2,486,488	\$ 2,486,488
Buildings and Improvements	9,582,224	9,564,058
Furniture and Equipment	81,647	95,077
Construction in Progress	100,000	100,000
Accumulated Depreciation	<u>(8,602,081)</u>	<u>(8,456,845)</u>
Capital Assets, Net	<u>\$ 3,648,278</u>	<u>\$ 3,788,778</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2021**

**CHANGES IN CAPITAL ASSETS**

The following reconciliation summarizes the changes in Capital Assets.

Beginning Balance, July 1, 2020	\$ 3,788,778
Additions:	
Roof replacement and HVAC units	50,245
Depreciation Expense	<u>(190,745)</u>
Ending Balance, June 30, 2021	<u>\$ 3,648,278</u>

The Organization disposed of two vehicles with a net book value of zero with a total cost and accumulated depreciation that totaled \$45,509.

**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
- Continued effects of the COVID-19 global pandemic

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 destruction. All the roofs of the Housing Authority's properties sustained wind damage and the 58 units at Glenwood had structural damage and is expected to be demolished. Twenty-two off site units had interior damage and temporary repairs are ongoing. The Housing Authority has applied for rental assistance demonstration (RAD) for its Glenwood property. The Housing Authority has made claims with its insurance carrier and is expected to cover the cost of repairs.

**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, 2021. 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, 2021**

	<u>2021</u>
<b><u>CURRENT ASSETS</u></b>	
Cash and cash equivalents	\$ 568,759
Restricted cash	402,868
Receivables, net	101,820
Prepaid expenses	116,370
Other assets	-
Total current assets	<u>1,189,817</u>
<b><u>NON-CURRENT ASSETS</u></b>	
Property and equipment, net	<u>3,648,278</u>
Total noncurrent assets	<u>3,648,278</u>
Total assets	<u><u>\$ 4,838,095</u></u>
<b><u>CURRENT LIABILITIES</u></b>	
Accounts payable	\$ 24,863
Accrued wages and payroll taxes	26,085
Accrued compensated absences	15,080
Tenant security deposits	35,999
Unearned revenues	141,914
Other liabilities	10,663
Total current liabilities	<u>254,604</u>
<b><u>NONCURRENT LIABILITIES</u></b>	
Accrued compensated absences	<u>3,899</u>
Total noncurrent liabilities	<u>3,899</u>
Total liabilities	<u>258,503</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	3,648,278
Restricted	363,966
Unrestricted	567,348
Total net position	<u><u>\$ 4,579,592</u></u>

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

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 31, 2021**

	<b><u>2021</u></b>
<b>Operating Revenues</b>	
Dwelling rent	\$ 246,189
Operating grants	10,028,847
Other revenue	<u>62,224</u>
Total operating revenues	<u>10,337,260</u>
<b>Operating Expenses</b>	
Housing assistance and portability payments	8,571,907
Administrative	1,030,013
General expenses	413,873
Depreciation	190,745
Maintenance and operations	294,007
Utilities	<u>87,196</u>
Total operating expenses	<u>10,587,741</u>
Operating income (loss)	(250,481)
<b>Non-operating Revenues</b>	
Other income	<u>15,702</u>
Total non-operating revenue	<u>15,702</u>
Change in net position	(234,779)
<b><u>NET POSITION AT BEGINNING OF YEAR</u></b>	<u>4,814,371</u>
<b><u>NET POSITION AT END OF YEAR</u></b>	<u><u>\$ 4,579,592</u></u>

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

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2021</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
Dwelling rent receipts	\$ 195,745
Operating grants	10,028,847
Other receipts	62,258
Payments to vendors	(792,997)
Payments to employees	(1,071,910)
Housing assistance payments	(8,571,907)
	<u>(149,964)</u>
Net cash used in operating activities	<u>(149,964)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
Purchases of capital assets	(50,245)
Proceeds from the sale of capital assets	(15,702)
	<u>(65,947)</u>
Net cash used in capital and related financing activities	<u>(65,947)</u>
Net decrease in cash and cash equivalents	(215,911)
Cash and cash equivalents, beginning of year	1,187,538
Cash and cash equivalents, end of year	<u>\$ 971,627</u>
<b><u>RECONCILIATION OF OPERATING INCOME TO</u></b>	
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	
Operating loss	\$ (250,481)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	
Depreciation	190,745
Changes in assets and liabilities	
Accounts receivable, net	(65,793)
Prepaid expenses and other assets	28,582
Accounts payable	7,217
Accrued wages and payroll taxes	(8,219)
Accrued compensated absences	(33,678)
Tenant security deposits	34
Unearned revenues	15,349
Other liabilities	(33,720)
	<u>(149,964)</u>
Net cash used in operating activities	<u>(149,964)</u>
<b><u>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION</u></b>	
Cash and cash equivalents	\$ 568,759
Restricted cash	402,868
	<u>402,868</u>
Total cash and cash equivalents and restricted cash	<u>\$ 971,627</u>

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

# **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 Statement 34 paragraph 138 and GASB Statement 63.

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.

**BAD DEBTS**

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.

**UNEARNED REVENUES**

The Housing Authority recognizes revenues as earned. Funds received before the Housing Authority is eligible to apply them are recorded as a liability under unearned revenues and consist of tenant prepaid rents and additional Housing Voucher program funds under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

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

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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.

These financial statements do not contain material inter-program revenues and expenses for internal activity. The policy is to eliminate any material inter-program revenues and expenses for these financial statements.

**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, 2021, 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 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 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 and accident insurance. The Housing Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

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

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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.

**FUTURE ACCOUNTING AND REPORTING PRONOUNCEMENTS**

The following accounting standard by the Governmental Accounting Standards Board (GASB) is scheduled to be implemented in the future that may affect the Housing Authority's financial report:

GASB Statement 87, Leases. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The Housing Authority will include the requirements of this standard, as applicable, in its June 30, 2022 financial statements.

**2. DEPOSITS AND INVESTMENTS**

*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.

*Interest Rate Risk* - The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally-insured investments.

The Housing Authority's cash and cash equivalents consist of cash held in interest bearing checking accounts, with varying rates, totaling \$1,064,403.

Deposit balances (bank balances) at June 30, 2021, are secured as follows:

FDIC Insured	\$ 250,000
Collateralized by pledging bank in Housing Authority's name	<u>2,024,008</u>
Total insured and collateralized balance	<u>\$ 2,274,008</u>
Excess collateral	\$ 1,209,605

As of June 30, 2021, 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.

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

**NOTES TO FINANCIAL STATEMENTS**

**3. RESTRICTED ASSETS**

The Housing Authority's restricted assets totaling \$402,868 consisted of \$363,966 of cash held for housing payments in future periods and \$38,902 of security deposits received and held on behalf of tenants.

**4. ACCOUNTS RECEIVABLE**

The following is a summary of accounts receivable, net of allowance for doubtful accounts at June 30, 2021:

	<u>Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Miscellaneous receivables	\$ 30,841	\$ (30,658)	\$ 183
Portability receivables	95,066	-	95,066
Tenant rent receivables	26,589	(22,326)	4,263
Tenant fraud recovery	12,496	(12,496)	-
HUD other receivables	2,308	-	2,308
Total Accounts receivable, net	<u>\$ 167,300</u>	<u>\$ 65,480</u>	<u>\$ 101,820</u>

**5. CAPITAL ASSETS**

Summaries of capital assets as of June 30, 2021, and activity for the fiscal year then ended are as follows:

	<u>July 1, 2020 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021 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	9,564,058	50,245	( 32,079)	9,582,224
Furniture and equipment	95,077	-	(13,430)	81,647
Total capital assets	12,245,623	50,245	(45,509)	12,250,359
Less: Accumulated depreciation	(8,456,845)	(190,745)	45,509	(8,602,081)
Total Capital Assets, net	<u>\$ 3,788,778</u>	<u>\$ (140,500)</u>	<u>\$ -</u>	<u>\$ 3,648,278</u>

**6. ACCOUNTS PAYABLE**

Accounts payable on June 30, 2021, consisted of trade payables in the amount of \$24,863 for the Housing Authority.

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

**NOTES TO FINANCIAL STATEMENTS**

**7. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2021, was as follows:

	<u>Balance at</u> <u>July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>
Accrued Compensated Absences	\$ 52,657	\$ -	\$ (33,678)	\$ 18,979	\$ 15,080

**8. LEGAL SETTLEMENT**

A portion of other current liabilities represent estimated outlays due to a former employee under a lawsuit settlement in the amount of \$8,759, all of which is current.

**9. 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. 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 2021, the Housing Authority made the required contributions in the amount of \$21,081.

**10. 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 amount of disallowances, if any, which may arise from future audits will not be material.

The Housing Authority leases copiers under operating lease agreements that call for monthly payments of \$676. The future lease payments under these non-cancelable agreements as of June 30, 2021 is \$8,112.

**11. ECONOMIC DEPENDENCY**

The Department of Housing and Urban Development provided \$10,028,847 to the Housing Authority, including the federal capital contributions, which represents approximately 96.9% of the Housing Authority's total revenue for the year.

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

**NOTES TO FINANCIAL STATEMENTS**

**12. SUBSEQUENT EVENTS**

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 destruction. All the roofs of the Housing Authority's properties sustained wind damage and the 58 units at Glenwood had structural damage and is expected to be demolished. Twenty-two off site units had interior damage and temporary repairs are ongoing. The Housing Authority has applied for rental assistance demonstration (RAD) for its Glenwood property. The Housing Authority has made claims with its insurance carrier and is expected to cover the cost of repairs.

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

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$77,031	\$491,728			\$568,759		\$568,759
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted		\$363,966			\$363,966		\$363,966
114 Cash - Tenant Security Deposits	\$38,902				\$38,902		\$38,902
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$115,933	\$855,694	\$0	\$0	\$971,627	\$0	\$971,627
121 Accounts Receivable - PHA Projects		\$95,066			\$95,066		\$95,066
122 Accounts Receivable - HUD Other Projects				\$2,308	\$2,308		\$2,308
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous	\$30,841				\$30,841		\$30,841
126 Accounts Receivable - Tenants	\$26,589				\$26,589		\$26,589
126.1 Allowance for Doubtful Accounts -Tenants	-\$22,326	\$0			-\$22,326		-\$22,326
126.2 Allowance for Doubtful Accounts - Other	-\$30,658	\$0		\$0	-\$30,658		-\$30,658
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery		\$12,496			\$12,496		\$12,496
128.1 Allowance for Doubtful Accounts - Fraud		-\$12,496			-\$12,496		-\$12,496
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,446	\$95,066	\$0	\$2,308	\$101,820	\$0	\$101,820
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$114,956	\$1,414			\$116,370		\$116,370
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From	\$59,345	\$0		\$21,792	\$81,137	-\$81,137	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$294,680	\$952,174	\$0	\$24,100	\$1,270,954	-\$81,137	\$1,189,817
161 Land	\$2,475,572	\$10,916			\$2,486,488		\$2,486,488
162 Buildings	\$9,467,113	\$115,111			\$9,582,224		\$9,582,224

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

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
163 Furniture, Equipment & Machinery - Dwellings							
164 Furniture, Equipment & Machinery - Administration	\$81,647				\$81,647		\$81,647
165 Leasehold Improvements							
166 Accumulated Depreciation	-\$8,515,318	-\$86,763			-\$8,602,081		-\$8,602,081
167 Construction in Progress	\$100,000				\$100,000		\$100,000
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,609,014	\$39,264	\$0	\$0	\$3,648,278	\$0	\$3,648,278
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							
173 Grants Receivable - Non Current							
174 Other Assets							
176 Investments in Joint Ventures							
180 Total Non-Current Assets	\$3,609,014	\$39,264	\$0	\$0	\$3,648,278	\$0	\$3,648,278
200 Deferred Outflow of Resources							
290 Total Assets and Deferred Outflow of Resources	\$3,903,694	\$991,438	\$0	\$24,100	\$4,919,232	-\$81,137	\$4,838,095
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$16,243	\$8,620			\$24,863		\$24,863
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	\$19,711	\$6,374			\$26,085		\$26,085
322 Accrued Compensated Absences - Current Portion	\$9,884	\$5,196			\$15,080		\$15,080
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	\$35,999				\$35,999		\$35,999
342 Unearned Revenue		\$40,812	\$101,102		\$141,914		\$141,914
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							

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

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities	\$10,663				\$10,663		\$10,663
346 Accrued Liabilities - Other							
347 Inter Program - Due To		\$81,137			\$81,137	-\$81,137	\$0
348 Loan Liability - Current							
310 Total Current Liabilities	\$92,500	\$142,139	\$101,102	\$0	\$335,741	-\$81,137	\$254,604
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue							
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current	\$3,111	\$788			\$3,899		\$3,899
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities							
350 Total Non-Current Liabilities	\$3,111	\$788	\$0	\$0	\$3,899	\$0	\$3,899
300 Total Liabilities	\$95,611	\$142,927	\$101,102	\$0	\$339,640	-\$81,137	\$258,503
400 Deferred Inflow of Resources							
508.4 Net Investment in Capital Assets	\$3,609,014	\$39,264			\$3,648,278		\$3,648,278
511.4 Restricted Net Position		\$363,966			\$363,966		\$363,966
512.4 Unrestricted Net Position	\$199,069	\$445,281	-\$101,102	\$24,100	\$567,348		\$567,348
513 Total Equity - Net Assets / Position	\$3,808,083	\$848,511	-\$101,102	\$24,100	\$4,579,592	\$0	\$4,579,592
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,903,694	\$991,438	\$0	\$24,100	\$4,919,232	-\$81,137	\$4,838,095

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

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$243,823				\$243,823		\$243,823
70400 Tenant Revenue - Other	\$2,366				\$2,366		\$2,366
70500 Total Tenant Revenue	\$246,189	\$0	\$0	\$0	\$246,189		\$246,189
70600 HUD PHA Operating Grants	\$392,793	\$9,341,970	\$242,120	\$51,964	\$10,028,847		\$10,028,847
70610 Capital Grants							
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	\$93	\$270			\$363		\$363
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery		\$18,632			\$18,632		\$18,632
71500 Other Revenue	\$32,541	\$10,688			\$43,229		\$43,229
71600 Gain or Loss on Sale of Capital Assets	\$15,702				\$15,702		\$15,702
72000 Investment Income - Restricted							
70000 Total Revenue	\$687,318	\$9,371,560	\$242,120	\$51,964	\$10,352,962		\$10,352,962
91100 Administrative Salaries	\$67,127	-\$12,643	\$61,035		\$115,519		\$115,519
91200 Auditing Fees	\$5,000				\$5,000		\$5,000
91300 Management Fee		\$327,943	\$181,085		\$509,028		\$509,028
91310 Book-keeping Fee	\$7,288	\$2,226			\$9,514		\$9,514
91400 Advertising and Marketing	\$217	\$2,640			\$2,857		\$2,857
91500 Employee Benefit contributions - Administrative	\$37,571	\$16,665			\$54,236		\$54,236
91600 Office Expenses	\$55,033	\$40,467		\$2,721	\$98,221		\$98,221
91700 Legal Expense	\$11,893	\$4,372			\$16,265		\$16,265
91800 Travel	\$1,216	\$1,988			\$3,204		\$3,204
91810 Allocated Overhead	\$82,306	\$122,399			\$204,705		\$204,705
91900 Other	\$6,184	\$5,280			\$11,464		\$11,464
91000 Total Operating - Administrative	\$273,835	\$511,337	\$242,120	\$2,721	\$1,030,013		\$1,030,013
92000 Asset Management Fee							

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

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
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	\$0		\$0
93100 Water	\$11,761				\$11,761		\$11,761
93200 Electricity	\$34,510				\$34,510		\$34,510
93300 Gas	\$15,094				\$15,094		\$15,094
93400 Fuel							
93500 Labor							
93600 Sewer	\$25,831				\$25,831		\$25,831
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$87,196	\$0	\$0	\$0	\$87,196		\$87,196
94100 Ordinary Maintenance and Operations - Labor	\$135,648				\$135,648		\$135,648
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,496			\$11,590	\$26,086		\$26,086
94300 Ordinary Maintenance and Operations Contracts	\$61,443			\$13,553	\$74,996		\$74,996
94500 Employee Benefit Contributions - Ordinary Maintenance	\$57,277				\$57,277		\$57,277
94000 Total Maintenance	\$268,864	\$0	\$0	\$25,143	\$294,007		\$294,007
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	\$0		\$0
96110 Property Insurance	\$98,155				\$98,155		\$98,155
96120 Liability Insurance	\$9,692	\$3,187			\$12,879		\$12,879
96130 Workmen's Compensation	\$8,877	\$6,216			\$15,093		\$15,093
96140 All Other Insurance	\$75,643	\$5,872			\$81,515		\$81,515
96100 Total insurance Premiums	\$192,367	\$15,275	\$0	\$0	\$207,642		\$207,642
96200 Other General Expenses	\$20	\$141,926			\$141,946		\$141,946
96210 Compensated Absences	\$36,759	\$10,305			\$47,064		\$47,064
96300 Payments in Lieu of Taxes							
96400 Bad debt - Tenant Rents	\$16,514				\$16,514		\$16,514

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

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
96500 Bad debt - Mortgages							
96600 Bad debt - Other	\$2,008	-\$1,301			\$707		\$707
96800 Severance Expense							
96000 Total Other General Expenses	\$55,301	\$150,930	\$0	\$0	\$206,231		\$206,231
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	\$0		\$0
96900 Total Operating Expenses	\$877,563	\$677,542	\$242,120	\$27,864	\$1,825,089		\$1,825,089
97000 Excess of Operating Revenue over Operating Expenses	-\$190,245	\$8,694,018	\$0	\$24,100	\$8,527,873		\$8,527,873
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments		\$8,562,213			\$8,562,213		\$8,562,213
97350 HAP Portability-In		\$9,694			\$9,694		\$9,694
97400 Depreciation Expense	\$186,237	\$4,508			\$190,745		\$190,745
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$1,063,800	\$9,253,957	\$242,120	\$27,864	\$10,587,741		\$10,587,741
10010 Operating Transfer In							
10020 Operating transfer Out							
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							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$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: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$376,482	\$117,603	\$0	\$24,100	-\$234,779		-\$234,779
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$4,184,565	\$629,806	\$0	\$0	\$4,814,371		\$4,814,371
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$101,102	-\$101,102		\$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 Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity		\$484,545			\$484,545		\$484,545
11180 Housing Assistance Payments Equity		\$363,966			\$363,966		\$363,966
11190 Unit Months Available	1632	15912			17544		17544
11210 Number of Unit Months Leased	1132	13527			14659		14659
11270 Excess Cash	\$14,094				\$14,094		\$14,094
11610 Land Purchases	\$0				\$0		\$0
11620 Building Purchases	\$0				\$0		\$0
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, 2021**

<b><u>PURPOSE</u></b>	<b><u>AMOUNT</u></b>
Salary	\$ 126,180
Benefits - Insurance	10,212
Benefits - Retirement	10,094
Car allowance	7,200
Phone allowance	1,200
Total	<u>\$ 154,886</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 Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated March 31, 2022.

**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 may exist that have not been identified.

**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.

**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.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
March 31, 2022

## **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**

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 *OMB Compliance Supplement* that could have a direct and material effect on the Housing Authority's major federal program for the year ended June 30, 2021. 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.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on the Major Federal Program**

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, 2021.

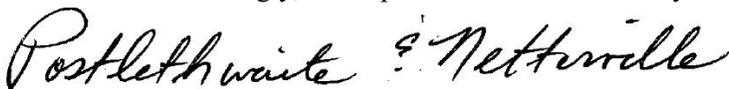
## Report on Internal Control Over Compliance

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Baton Rouge, Louisiana  
March 31, 2022

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through or Grantor/Program or Cluster Title</b>	<b>Assistance Listing</b>	<b>Federal Expenditures</b>	<b>Amounts Provided to Sub-recipients</b>
<b>U.S. Department of Housing and Urban Development</b>			
Public and Indian Housing	14.850	\$ 392,793	\$ -
COVID-19 CARES - Public and Indian Housing	14.850	51,964	-
		<u>444,757</u>	<u>-</u>
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	9,272,625	-
COVID-19 CARES - Section 8 Housing Choice Vouchers	14.871	242,120	-
Total Housing Voucher Cluster		<u>9,514,745</u>	<u>-</u>
Public Housing Capital Fund (CFP)	14.872	<u>69,345</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development		<u>10,028,847</u>	<u>-</u>
Total Expenditures of Federal Awards		<u><u>\$ 10,028,847</u></u>	<u><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, 2021**

**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, 2021.

**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, 2021.

**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, 2021.

**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, 2021**

**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:

<u>Name of Federal Awards (or Cluster)</u>	<u>CFDA No.</u>
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?                                 | Yes       |

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2021.

**C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

There were no findings related to compliance and other matters for the year ended June 30, 2021.

**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, 2021.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**E. PRIOR AUDIT FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2020.

**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, 2020.

**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, 2020.