

HOUSING AUTHORITY OF THE TOWN OF BERWICK

BERWICK, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Housing Authority of the Town of Berwick
Berwick, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Town of Berwick (the "Authority") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the 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 activities of the Authority, as of December 31, 2022, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 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 opinions.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the Authority has recorded a prior period adjustment related to capital assets. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



To the Board of Commissioners of
Housing Authority of the Town of Berwick
June 15, 2023

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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 opinions. 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 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 Authority's ability to continue as a going concern for a reasonable period of time.



To the Board of Commissioners of
Housing Authority of the Town of Berwick
June 15, 2023

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 5 through 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The HUD financial data schedules are presented for the purpose of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for the purpose of additional analysis as required by Louisiana Revised Statute 24:513(A)(3) and is also 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 HUD financial data schedules and schedule of compensation, benefits, and other payments to agency head, are fairly stated in all material respects in relation to the basic financial statements as a whole.



To the Board of Commissioners of
Housing Authority of the Town of Berwick
June 15, 2023

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 of the Town of Berwick's internal control over financial reporting and compliance.

June 15, 2023
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Our discussion and analysis of the Housing Authority of the Town of Berwick's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2022.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A to provide a more meaningful comparative analysis of the financial data to be presented.

USING THIS ANNUAL FINANCIAL REPORT

The Authority's annual financial report consists of financial statements that report information about the Authority's most significant programs, such as the Authority's Public Housing and Capital Fund Programs.

An outline of the annual financial report's content is as follows:

- I. Independent Auditors' Report
- II. Required Supplementary Information
- III. Basic Financial Statements
- IV. Notes to the Financial Statements
- V. Other Supplemental Information

Our auditor has provided assurance in their independent auditors' report on pages 1 through 4 that the basic financial statements are fairly stated. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts in the annual financial report.

FINANCIAL HIGHLIGHTS

Total spending for all programs was approximately \$1,195,000 for the year ended December 31, 2022. Total operating revenue was approximately \$851,000, of which tenant-related income comprised approximately \$434,700 or 51.1%. Subsidies and grants from the U.S. Department of Housing and Urban Development (HUD) comprised 46.7% of total revenue.

Public Housing Authorities' (PHAs) annual budgets are based on mandated procedures that serve to determine every PHA's total and final funding amount. The funding is based on a calendar year. Operating Fund Subsidy decreased from approximately \$416,400 in 2021 to \$416,200 in 2022, a 0% decrease from the prior year.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2022

FINANCIAL ANALYSIS

The Authority's net position was approximately \$2.341 million at December 31, 2022.

The following analysis focuses on the net position and the change in net position of the Authority as a whole.

Condensed Statement of Net Position

	<u>12/31/22</u>	<u>12/31/21</u> (As restated)
Current assets	\$ 915,289	\$ 703,302
Capital assets, net	<u>1,549,500</u>	<u>1,479,227</u>
Total assets	<u>2,464,789</u>	<u>2,182,529</u>
Current liabilities	95,856	48,334
Noncurrent liabilities	<u>28,198</u>	<u>25,707</u>
Total liabilities	<u>124,054</u>	<u>74,041</u>
Net position		
Net investment in capital assets	1,549,500	1,479,227
Unrestricted	<u>791,235</u>	<u>629,261</u>
Total net position	<u>\$ 2,340,735</u>	<u>\$ 2,108,488</u>

Current assets increased by approximately \$212,000 or 30.1% from the prior year as a result of operations. Capital assets increased by approximately \$70,300 (4.8%) from the prior year, largely due to current year additions offset by depreciation expense. The aggregation of these factors affecting current assets and capital assets resulted in an increase in total assets of \$282,200 (12.9%).

Total liabilities increased by approximately \$50,000 (67.6%) during the current year which is primarily due to payments in lieu of taxes due in 2021 not being waived in 2022.

The increase of approximately \$232,200 in net position is largely due to normal operations.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2022

MDA

Condensed Statement of Revenues, Expenditures and Changes in Net Position

	<u>12/31/22</u>	<u>12/31/21</u> (As restated)
Operating revenues:		
Charges for services	\$ 434,687	\$ 403,277
Operating grants	416,169	416,392
Non-operating revenues:		
Capital grants	250,224	123,700
Interest earnings	152	357
Other non-operating receipts	<u>326,339</u>	<u>162,008</u>
Total revenues	<u>1,427,571</u>	<u>1,105,734</u>
Operating expenses		
Administration	384,333	324,136
Utilities	105,739	103,946
Ordinary maintenance and operations	332,324	265,261
General expenses	192,977	157,870
Depreciation	<u>179,951</u>	<u>180,164</u>
Total expenses	<u>1,195,324</u>	<u>1,031,377</u>
Change in net position	<u>\$ 232,247</u>	<u>\$ 74,357</u>
Net position, ending	<u>\$ 2,340,735</u>	<u>\$ 2,108,488</u>

Total revenues increased by approximately \$322,000 or 29.1%, and total expenses increased by approximately \$164,000 or 15.9%. The increase in revenues is primarily attributed to the increase in dwelling rental income and other nonoperating income. The increase in operating expenses is primarily attributed to the increase in administration and ordinary maintenance and operations.

The Authority's net position increased by approximately \$232,200. The increase is primarily attributed to normal operations.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2022

CAPITAL ASSETS

At December 31, 2022, the Authority had approximately \$7.9 million invested in a broad range of capital assets including land, buildings, furniture and equipment and construction in progress. This amount represents a net decrease (including additions, deductions and depreciation) of approximately \$70,300 or 4.8% from last year. The majority of the change is due to current year additions to construction in progress offset by depreciation expense. For more information see Note 4 in the notes to the financial statements.

	<u>12/31/22</u>	<u>12/31/21</u>
Land	\$ 179,085	\$ 179,085
Building & improvements	7,189,407	7,171,834
Furniture and equipment	144,278	158,650
Construction in progress	<u>370,776</u>	<u>138,125</u>
	7,883,546	7,647,694
Less accumulated depreciation	<u>(6,334,046)</u>	<u>(6,168,467)</u>
Capital assets, net of depreciation	<u>\$ 1,549,500</u>	<u>\$ 1,479,227</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget via appropriations rather than by local economic conditions. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital funds are used for the modernization of public housing properties including the administrative fees involved in the modernization.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Mr. Clarence Robinson, Executive Director, Housing Authority of the Town of Berwick, 2751 Fifth Street, Berwick, Louisiana 70342.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS:

Cash and cash equivalents	\$ 702,452
Receivables:	
Tenant receivable, net of allowance for doubtful accounts	329
Accrued interest receivable	33
Other receivables	12,306
Investments	92,866
Prepaid expenses	61,617
Inventory	9,536
Restricted cash and cash equivalents	36,150
Capital assets not being depreciated	549,861
Capital assets being depreciated, net of accumulated depreciation	<u>999,639</u>
 Total assets	 <u>2,464,789</u>

LIABILITIES:

Accounts payable	49,681
Unearned revenue	886
Liabilities payable from restricted assets:	
Deposits held in trust	36,150
Noncurrent liabilities:	
Due within one year	9,139
Due in more than one year	<u>28,198</u>
 Total liabilities	 <u>124,054</u>

NET POSITION:

Net investment in capital assets	1,549,500
Unrestricted	<u>791,235</u>
 Total net position	 <u>\$ 2,340,735</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATING REVENUES:

Charges for services:	
Dwelling rental	\$ 421,744
Dwelling revenue - other	12,943
Operating grants and contributions:	
HUD PHA operating grants	<u>416,169</u>
 Total operating revenues	 <u>850,856</u>

OPERATING EXPENSES:

Administration	384,333
Utilities	105,739
Ordinary maintenance and operations	332,324
General expense	192,977
Depreciation expense	<u>179,951</u>
 Total operating expenses	 <u>1,195,324</u>
 Net operating (loss)	 <u>(344,468)</u>

NON-OPERATING REVENUES:

Capital grants	250,224
Other non-operating receipts	326,339
Interest income	<u>152</u>
 Total non-operating revenues	 <u>576,715</u>
 Change in net position	 <u>232,247</u>
Net position - beginning as previously reported	2,086,280
Prior period adjustment	<u>22,208</u>
Net position - beginning as restated	<u>2,108,488</u>
 Net position - ending	 <u><u>\$ 2,340,735</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM (USED FOR) OPERATING**ACTIVITIES:**

Receipts from tenants	\$ 436,136
Receipts from federal agencies	416,169
Payments to vendors and suppliers	(560,616)
Payments to employees	<u>(416,426)</u>
Net cash (used for) operating activities	<u>(124,737)</u>

CASH FLOWS FROM (USED FOR) NON-CAPITAL**FINANCING ACTIVITIES:**

Non-operating revenues	<u>326,339</u>
Net cash from non-capital financing activities	<u>326,339</u>

CASH FLOWS FROM (USED FOR) CAPITAL AND**RELATED FINANCING ACTIVITIES:**

Proceeds from capital grants	250,224
Acquisition and construction of capital assets	<u>(250,224)</u>
Net cash from capital and related financing activities	<u>-</u>
Net change in cash and cash equivalents	<u>201,602</u>
Cash and cash equivalents at December 31, 2021	<u>537,000</u>
Cash and cash equivalents at December 31, 2022	<u><u>\$ 738,602</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Reconciliation of operating (loss) to net cash from operating activities:

Operating (loss)	\$ (344,468)
Adjustments to reconcile operating (loss) to net cash used in operating activities:	
Depreciation	179,951
(Increase) decrease in assets:	
Tenant receivable	169
Prepaid expenses	(7,763)
Inventory	(2,639)
Increase (decrease) in liabilities:	
Accounts payable	46,107
Unearned revenue	680
Deposits held in trust	600
Compensated absences	<u>2,626</u>
Net cash (used for) operating activities	<u>\$ (124,737)</u>

Reconciliation of cash and cash equivalents to statement of net position:

Cash and cash equivalents - unrestricted	\$ 702,452
Cash and cash equivalents - restricted	<u>36,150</u>
Totals	<u>\$ 738,602</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Housing Authority of the Town of Berwick (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the Town of Berwick, Louisiana.

The Authority has a five-member appointed Board of Commissioners and is headed by an Executive Director. The Board has the power to designate management, the ability to significantly influence operations, and has primary accountability for fiscal matters.

GASB Statement No. 14, as amended by GASB Statement No. 39 and 61, establishes criteria for determining the governmental reporting entity. Under the provisions of this statement, the Authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in the GASB statements, fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursement of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The Authority has no component units, defined by the GASB statements as other legally separate organizations for which the elected Authority members are financially accountable.

The Authority is a related organization of the Town of Berwick, Louisiana since the Town appoints a voting majority of the Authority's governing board. The Town is not financially accountable for the Authority as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to or impose financial burdens on the Town. Accordingly, the Authority is not a component unit of the financial reporting entity of the Town.

Governmental-Wide Financial Statements

The Authority's basic financial statements consist of proprietary statements, including a statement of net position, a statement of revenues, expenditures and changes in net position and a statement of cash flows.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The proprietary statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Shared revenues are recognized when the provider government recognized the liability to the Authority. Grants are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

State appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. For financial purposes, the Authority reports all of its primary government operations as a single business activity in a single proprietary enterprise fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Authority has elected not to follow subsequent private-sector guidance.

The Authority does not use encumbrance accounting.

Proprietary funds distinguish between 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 fund's principal ongoing operations. The principal operating revenues of the Authority are HUD provided federal grants and tenant rent payments. The major operating expenses of the Authority include administrative, utilities, ordinary maintenance and operations, general, and depreciation expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets

The Authority prepares budgets for the Conventional and Capital Fund programs. The Board of Commissioners approves the Conventional and Capital Fund budgets. HUD approves the Capital Fund budget. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of net position, cash includes all demand deposit and interest-bearing demand deposit accounts of the Authority. For the purposes of the proprietary funds statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. In accordance with Louisiana Statutes, the Authority maintains deposits at those depository banks authorized by the Authority. All such depositories are members of the Federal Reserve System.

Investments

Investments are limited by R.S 33:2955 and the Authority's investment policy. If the original maturities of investments exceed three months, they are classified as investments for financial reporting purposes. If the original maturities are three months or less, they are classified as cash equivalents.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Authority's statement of net position.

Restricted Assets

Restricted cash on the statement of net position for the Authority represents tenant security deposits. Restricted cash is more fully detailed in Note 3.

Receivables

Accounts receivable from tenants are stated at net realizable value as required by GAAP. An allowance for doubtful accounts is used in the valuation of accounts receivable from tenants. As of December 31, 2022, the Authority deemed all amounts fully collectible and did not record an allowance for doubtful accounts.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets are recorded at historical cost and are depreciated over their estimated useful lives. Capital assets include all items costing over \$1,500. Estimated useful lives reflect management's estimates of how long the asset is expected to meet service demands. Depreciation expense is recorded using the straight-line method. When assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	33
Modernization and improvements	15
Furniture and equipment	3 - 7

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Authority has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Currently, the Authority has no items that qualify for reporting in this category.

Compensated Absences

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave, which may be received upon termination or retirement. Sick leave hours accumulate, but the classified employee is not paid for them if not used by his/her retirement or termination date.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

In the government-wide proprietary financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Restricted Net Position

Restrictions, when appropriate, represent those portions of net position that are restricted in use by external parties or by law for a specific future use. There were no restrictions of net position as of December 31, 2022. When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period. Actual results could differ from those estimates.

Date of Management’s Review

Subsequent events have been evaluated through June 15, 2023, the date the financial statements were available to be issued.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(2) CASH AND CASH EQUIVALENTS

At December 31, 2022 the carrying amount of the Authority’s bank deposits was \$738,602. These deposits are stated at cost, which approximates market. The Authority does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties.

Cash and deposits are categorized into three categories of credit risk. Category 1 includes deposits covered by federal depository insurance or by collateral held by the Authority or its agent, in the Authority’s name. Category 2 includes deposits covered by collateral held by the pledging financial institution’s trust department, or its agent in the Authority’s name. Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the Authority’s name, and deposits which are uninsured or uncollateralized.

At December 31, 2022, the bank balance was \$759,515. Of the bank balance, \$250,000 was covered by federal depository insurance (Category 1). In compliance with State laws, the remaining balance of \$509,515 was secured by bank owned securities specifically pledged to the Authority and held by an independent custodian bank jointly in the name of the Authority and the depository bank (Category 2). Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand. Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned to it. At December 31, 2022, there were no deposits held by the Authority that were exposed to custodial credit risk representing uninsured deposits collateralized by a pledging bank’s trust department but not in the Authority’s name.

State statutes authorize the Authority to invest in the following types of securities: (1) fully-collateralized certificates of deposit issued by commercial banks and savings and loan associations located within the State of Louisiana; (2) direct obligations of the U.S. Government; (3) obligations of U.S. Government agencies that are deliverable on the Federal Reserve System; and (4) repurchase agreements in government securities in (2) and (3) above made with the primary dealers that report to and are regulated by the Federal Reserve Bank of New York.

(3) RESTRICTED ASSETS CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents at December 31, 2022 are restricted as follows:

Description	Amount
Tenant security deposits	\$ <u>36,150</u>

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(4) CAPITAL ASSETS

A summary of changes in proprietary fund type capital assets as of December 31, 2022 is as follows:

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/22</u>
Capital assets, not being depreciated:				
Land	\$ 179,085	\$ -	\$ -	\$ 179,085
Construction in progress	<u>138,125</u>	<u>232,651</u>	<u>-</u>	<u>370,776</u>
Total capital assets not being depreciated	<u>317,210</u>	<u>232,651</u>	<u>-</u>	<u>549,861</u>
Capital assets, being depreciated:				
Building and improvements	7,171,834	17,573	-	7,189,407
Furniture and equipment	<u>158,650</u>	<u>-</u>	<u>(14,372)</u>	<u>144,278</u>
Total capital assets being depreciated	<u>7,330,484</u>	<u>17,573</u>	<u>(14,372)</u>	<u>7,333,685</u>
Less accumulated depreciation	<u>(6,168,467)</u>	<u>(179,951)</u>	<u>14,372</u>	<u>(6,334,046)</u>
Total capital assets being depreciated, net	<u>1,162,017</u>	<u>(162,378)</u>	<u>-</u>	<u>999,639</u>
Total capital assets, net	<u>\$ 1,479,227</u>	<u>\$ 70,273</u>	<u>\$ -</u>	<u>\$ 1,549,500</u>

Depreciation expense was \$179,951 for the year ended December 31, 2022.

(5) COMPENSATED ABSENCES

A summary of compensated absences is as follows:

	<u>Balance</u> <u>12/31/21</u>	<u>Net Increase</u> <u>(Decrease)</u>	<u>Balance</u> <u>12/31/22</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	<u>\$ 34,711</u>	<u>\$ 2,626</u>	<u>\$ 37,337</u>	<u>\$ 9,139</u>

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(6) INTERAGENCY AGREEMENT

The Authority has entered into an agreement with the Morgan City Housing Authority (MCHA) whereby the Authority will manage the operations of MCHA. Under the agreement, the Authority's Executive Director is performing duties as Acting Executive Director for MCHA. The Authority is reimbursed for all expenses and costs of operating MCHA not to exceed 24 hours per week performed by the Acting Executive Director. The Authority received reimbursements totaling \$147,672 for the year ended December 31, 2022.

(7) RETIREMENT PLAN

The Authority participates in the Housing Agency Retirement Trust plan, a defined contribution plan administered by Mercer. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Authority provides retirement benefits for all full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month following the completion of six months of continuous employment. Plan provisions and changes to plan contributions are determined by the Board of the Authority. Total contributions to the plan were \$21,538 for the year ended December 31, 2022.

Under the plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 4% of each participant's basic (excludes overtime) compensation. Employees are required to contribute 4% of their annual covered salary.

The Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Authority. No payments were made out of the forfeiture account for the year ended December 31, 2022.

Normal retirement date shall be the first day of the month following the employee's 65th birthday or after ten years of participation in the plan.

(8) RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority maintains commercial insurance to mitigate these risks. Settled claims have not exceeded insurance coverage in any of the past three years.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(9) CONCENTRATIONS

For the year ended December 31, 2022, the Authority received approximately 46% of its total revenue from federal sources (U.S. Department of Housing and Urban Development).

(10) PAYMENT IN LIEU OF PROPERTY TAXES

In accordance with a cooperative agreement with the Town of Berwick, the Authority is not required to pay property taxes. Instead, the Authority is required to make payments in lieu of property taxes if and when funds may become available. Payments in lieu of property taxes of \$31,788 were required to be made during the year ended December 31, 2022 and are recorded as payable in the accompanying financial statements.

(11) PRIOR PERIOD ADJUSTMENT

The beginning net position of the Authority has been restated to record a prior period adjustment to correct capital assets as reported in the prior year. The effect of the change was to increase net position by \$22,208 from \$2,086,280 as previously reported, to \$2,108,488 as restated. There was no effect on current year results as the error occurred in years prior to 2021.

(12) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement addresses the postponement of effective dates of certain provision in Statements and Implementation Guides that first became effective or are schedule to become effective for periods beginning after June 15, 2018. The provisions affected are Statement's No. 83, 84, 87, 88, 89, 90, 91, 92, 93, and Implementation Guide's No. 2017-3, 2018-1, 2019-1, 2019-2, and 2019-3. The Authority plans to adopt the amendments in this Statement as applicable by the effective dates.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
 HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA BY PROJECT
DECEMBER 31, 2022

Line Item #	Account Description	LA056000056			
		Conventional Program	Total CFP	Eliminations	Total
ASSETS:					
Current assets:					
Cash:					
111	Cash - unrestricted	\$ 702,452	\$ -	\$ -	\$ 702,452
114	Cash - tenant security deposits	36,150	-	-	36,150
100	Total cash	<u>738,602</u>	-	-	<u>738,602</u>
Accounts and notes receivables:					
124	Accounts receivable - Other government	12,306	-	-	12,306
126	Accounts receivable - tenants	329	-	-	329
129	Accrued interest receivable	33	-	-	33
120	Total receivables, net of allowance for doubtful accounts	<u>12,668</u>	-	-	<u>12,668</u>
131	Investments - unrestricted	92,866	-	-	92,866
142	Prepaid expenses and other assets	61,617	-	-	61,617
143	Inventories	10,038	-	-	10,038
143.1	Allowance for obsolete inventories	(502)	-	-	(502)
150	Total current assets	<u>915,289</u>	-	-	<u>915,289</u>
Noncurrent assets:					
Capital assets:					
161	Land	179,085	-	-	179,085
162	Buildings	6,471,038	-	-	6,471,038
163	Furniture, equipment and machinery - dwellings	32,532	-	-	32,532
164	Furniture, equipment and machinery - administration	111,746	-	-	111,746
165	Leasehold improvements	718,369	-	-	718,369
166	Accumulated depreciation	(6,334,046)	-	-	(6,334,046)
167	Construction in progress	370,776	-	-	370,776
160	Total capital assets, net of accumulated depreciation	<u>1,549,500</u>	-	-	<u>1,549,500</u>
180	Total noncurrent assets	<u>1,549,500</u>	-	-	<u>1,549,500</u>
190	Total assets	<u>2,464,789</u>	-	-	<u>2,464,789</u>
DEFERRED OUTFLOWS OF RESOURCES:					
200	Deferred outflows of resources	-	-	-	-
290	Total assets and deferred outflows of resources	<u>2,464,789</u>	-	-	<u>2,464,789</u>
LIABILITIES:					
Current liabilities					
312	Accounts payable ≤ 90 days	7,689	-	-	7,689
322	Accrued compensated absences - current portion	9,139	-	-	9,139
332	Accounts payable - PHA projects	1,768	-	-	1,768
333	Accounts payable - other government	31,788	-	-	31,788
341	Tenant security deposits	36,150	-	-	36,150
342	Unearned revenue	886	-	-	886
346	Accrued liabilities - other	8,436	-	-	8,436
310	Total current liabilities	<u>95,856</u>	-	-	<u>95,856</u>
Noncurrent liabilities:					
354	Accrued compensated absences - non-current	28,198	-	-	28,198
350	Total noncurrent liabilities	<u>28,198</u>	-	-	<u>28,198</u>
300	Total liabilities	<u>124,054</u>	-	-	<u>124,054</u>
DEFERRED INFLOWS OF RESOURCES:					
400	Deferred inflows of resources	-	-	-	-
NET POSITION:					
508.4	Net investment in capital assets	1,549,500	-	-	1,549,500
512.4	Unrestricted net position	791,235	-	-	791,235
513	Total net position	<u>2,340,735</u>	-	-	<u>2,340,735</u>
600	Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,464,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,464,789</u>

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUES AND EXPENSES DATA BY PROJECT
FOR THE YEAR ENDED DECEMBER 31, 2022

Line Item #	Account Description	LA056000056			
		Conventional Program	Total CFP	Eliminations	Total
REVENUE:					
70300	Net tenant rental revenue	\$ 421,744	\$ -	\$ -	\$ 421,744
70400	Tenant revenue - other	12,943	-	-	12,943
70500	Total tenant revenue	434,687	-	-	434,687
70600	HUD PHA operating grants	365,424	50,745	-	416,169
70610	Capital grants	-	250,224	-	250,224
71100	Investment income - unrestricted	152	-	-	152
71500	Other revenue	326,339	-	-	326,339
70000	Total revenue	1,126,602	300,969	-	1,427,571
EXPENSES:					
Administrative:					
91100	Administrative salaries	192,469	-	-	192,469
91200	Auditing fees	47,685	-	-	47,685
91400	Advertising and marketing	614	-	-	614
91500	Employee benefit contributions - administrative	96,907	-	-	96,907
91600	Office expenses	19,634	-	-	19,634
91700	Legal expense	1,000	-	-	1,000
91800	Travel	1,927	-	-	1,927
91900	Other	24,097	-	-	24,097
91000	Total administrative	384,333	-	-	384,333
Utilities:					
93100	Water	35,455	-	-	35,455
93200	Electricity	12,609	-	-	12,609
93300	Gas	33,374	-	-	33,374
93600	Sewer	24,301	-	-	24,301
93000	Total utilities	105,739	-	-	105,739
Ordinary maintenance and operations:					
94100	Ordinary maintenance and operations - labor	68,916	-	-	68,916
94200	Ordinary maintenance and operations - materials and other	98,045	-	-	98,045
94300	Ordinary maintenance and operations - contract costs	110,321	-	-	110,321
94500	Employee benefit contributions - ordinary maintenance	55,042	-	-	55,042
94000	Total maintenance and operations	332,324	-	-	332,324
General expenses:					
96110	Property insurance	76,511	-	-	76,511
96120	Liability insurance	10,116	-	-	10,116
96130	Workmen's compensation	8,725	-	-	8,725
96140	All other insurance	54,885	-	-	54,885
96100	Total insurance premiums	150,237	-	-	150,237
96210	Compensated absences	5,718	-	-	5,718
96000	Payments in lieu of taxes	31,788	-	-	31,788
96400	Bad debt- tenant rents	5,234	-	-	5,234
96000	Total other general expenses	42,740	-	-	42,740
96900	Total operating expenses	1,015,373	-	-	1,015,373
97000	Excess revenue over operating expenses	111,229	300,969	-	412,198
97400	Depreciation expense	179,951	-	-	179,951
90000	Total expenses	1,195,324	-	-	1,195,324
OTHER FINANCING SOURCES (USES)					
10010	Operating transfers in	50,745	-	(50,745)	-
10020	Operating transfers out	-	(50,745)	50,745	-
10100	Total other financing sources (uses)	50,745	(50,745)	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	\$ (17,977)	\$ 250,224	\$ -	\$ 232,247
MEMO ACCOUNT INFORMATION:					
11030	Beginning equity	\$ 2,086,280	\$ -	\$ -	\$ 2,086,280
11040	Prior period adjustments, equity transfers, and correction of errors	22,208	-	-	22,208
11190	Unit months available	1,514	-	-	1,514
11210	Unit months leased	1,487	-	-	1,487
11270	Excess cash	663,666	-	-	663,666
11630	Building purchases	-	135,936	-	135,936
11640	Furniture and equipment - administrative purchases	-	-	-	-
11650	Leasehold improvements purchases	-	114,288	-	114,288

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2022

Clarence Robinson, Jr.
Executive Director

Salary	\$	96,761
Benefits - insurance (health and dental)		24,041
Benefits - retirement		3,870
Travel		<u>226</u>
 Total compensation, benefits, and other payments	 \$	 <u><u>124,898</u></u>



**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 of
Housing Authority of the Town of Berwick
Berwick, 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 activities of the Housing Authority of the Town of Berwick (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 15, 2023.

Report on Internal Control over Financial Reporting

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

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 were not identified.

To the Board of Commissioners of
Housing Authority of the Town of Berwick
June 15, 2023

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose and is intended solely for the information and use of management, the Board of Commissioners, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 15, 2023
New Orleans, Louisiana


Certified Public Accountants

HOUSING AUTHORITY OF THE TOWN OF BERWICK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I - SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Housing Authority of the Town of Berwick.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the 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*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditor's 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*.
4. A management letter was not issued for the year ended December 31, 2022.

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended December 31, 2022.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I - FINDINGS - FINANCIAL STATEMENT AUDIT

Not applicable.

SECTION II – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Not applicable.

SECTION III – MANAGEMENT LETTER

Not applicable.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
FOR THE YEAR ENDED
DECEMBER 31, 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Housing Authority of the Town of Berwick

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2022. The Housing Authority of the Town of Berwick's management is responsible for those C/C areas identified in the AUPs.

The Housing Authority of the Town of Berwick 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 year ended December 31, 2022. 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 and associated findings are attached in Schedule "1."

We were engaged by the Housing Authority of the Town of Berwick to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 Housing Authority of the Town of Berwick 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 SAUP's, 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.

June 15, 2023
New Orleans, Louisiana


Certified Public Accountants

HOUSING AUTHORITY OF THE TOWN OF BERWICK
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2022

WRITTEN POLICIES AND PROCEDURES

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - b) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - c) ***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.
 - d) ***Disbursements***, including processing, reviewing, and approving.
 - e) ***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).
 - f) ***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(s) rate of pay or approval and maintenance of pay rate schedules.
 - g) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***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).
 - j) ***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.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

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

Results: No exceptions were found as a result of applying the procedure.

BOARD OR FINANCE COMMITTEE

- 2. **Procedures:** 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:
 - a) Observe that 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.
 - b) 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.
 - c) 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.
 - d) 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.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

BOARD OR FINANCE COMMITTEE (CONTINUED)

Results: No exceptions were found as a result of applying the procedure.

BANK RECONCILIATIONS

3. **Procedures:** 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 five additional accounts (or all accounts if less than five). 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) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged).
 - b) Bank reconciliations include evidence that a member of management/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
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the procedure.

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

4. **Procedure:** 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 five deposit sites (or all deposit sites if less than five).
5. **Procedures:** 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 (i.e. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

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AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

COLLECTIONS (CONTINUED)

- c) Each employee responsible for collecting cash is not 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. **Procedure:** 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 enforced during the fiscal period.
7. **Procedures:** Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). Obtain supporting documentation for each of the ten deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) 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 ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the procedures.

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

8. **Procedure:** 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 five).

HOUSING AUTHORITY OF THE TOWN OF BERWICK
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)(CONTINUED)**

9. **Procedures:** For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) 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.
 - d) 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.
 - e) 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.
10. **Procedures:** For each location selected under #8 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 five disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. 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,

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JANUARY 1, 2022 – DECEMBER 31, 2022

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)**

- 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.

Results: No exceptions were found as a result of applying the procedures.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)

12. **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.
13. **Procedures:** Using the listing prepared by management, randomly select five cards (or all cards if less than five) 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:
- a) Observe that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
- b) Observe that finance charges and late fees were not assessed on the selected statements.
14. **Procedures:** Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of applying the procedures.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

15. **Procedures:** 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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) 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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) 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 policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedure.

CONTRACTS

16. **Procedures:** 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. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) 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 was approval documented).

HOUSING AUTHORITY OF THE TOWN OF BERWICK
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

CONTRACTS(CONTINUED)

- d) Randomly select one payment from the fiscal period for each of the five 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.

Results: No exceptions were found as a result of applying the procedure.

PAYROLL AND PERSONNEL

17. **Procedure:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. **Procedures:** Randomly select one pay period during the fiscal period. For the five employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. **Procedures:** 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' accumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

PAYROLL AND PERSONNEL (CONTINUED)

20. **Procedure:** 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.

Results: No exceptions were found as a result of applying the procedures.

ETHICS

21. **Procedures:** Using the five randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- c) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions were found as a result of applying the procedure.

DEBT SERVICE

22. **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

23. **Procedure:** 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).

Results: Not applicable. The Authority did not issue any bonds/notes and other debt instruments during the year ended December 31, 2022 or have any outstanding bonds/notes and other debt instruments outstanding at December 31, 2022.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

FRAUD NOTICE

24. **Procedure:** 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 Organization attorney of the parish in which the entity is domiciled.
25. **Procedure:** 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.

Results: No exceptions were found as a result of applying the procedures.

INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY

26. **Procedures:** Perform the following procedures:
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) 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.
 - d) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedures and discussed the results with management.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2022 – DECEMBER 31, 2022

SEXUAL HARASSMENT

27. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, 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.
28. **Procedure:** 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).
29. **Procedure:** 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 it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results: No exceptions were found as a result of applying the procedures.